

**MANCHESTER REGIONAL
HIGH SCHOOL DISTRICT
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

**SCHOOL DISTRICT
OF THE
PASSAIC COUNTY
MANCHESTER REGIONAL HIGH SCHOOL**

**Passaic County Manchester Regional High School
Haledon, New Jersey**

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2013**

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Passaic County

Manchester Regional High School District

Haledon, New Jersey

For The Fiscal Year Ended June 30, 2013

Prepared by

**Manchester Regional High School District
Board of Education**

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INTRODUCTORY SECTION

October 8, 2013

Honorable President and
Members of the Board of Education
Passaic County Manchester Regional High School District
Haledon, NJ 07508

Dear Board Members:

The comprehensive annual financial report of the Manchester Regional High School District, (District) for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management discussion and analysis, the basic financial statements and schedules, as well as the auditor's report, thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, findings and recommendations, are included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES:** The Manchester Regional High School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB #14 Statement No. 3. All funds and account groups of the District are included in this report. The Manchester Regional High School Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12, including regular, technological as well as special education services. The district completed the 2012 – 2013 fiscal year with an average daily enrollment of 930 students which is 36 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2012-13	930	3.79%
2011-12	896	9.27%
2010-11	820	7.4%
2009-10	763	(0.3%)
2008-09	787	(6.3%)
2007-08	840	5.9%
2006-07	793	3.8%
2005-06	763	.8%
2004-05	754	(4.3%)
2003-04	788	7.4%

- 2) **ECONOMIC OUTLOOK:** The Haledon, North Haledon and Prospect Park Boroughs, which comprise the Manchester Regional High School District, are experiencing limited economic development and growth. These communities reflect the overall business climate of North Jersey which has endured the loss of many manufacturing companies and is not keeping pace with the rest of the country.

It is not expected that there will be any strong economic growth or expansion in the region in the near future.

- 3) **MAJOR INITIATIVES:** The 2012 – 2013 school year initiatives focused on improving the district for both the students we serve and the community as a whole. The major project was the installation of a new track around the school's football field. The district also installed new bleachers for its gymnasium and continued its project of replacing sections of its roof (with the goal of having a new roof by the summer of 2014 to explore the possibilities of solar power). New computers were purchased for two computer labs.

Additional staff was also added to reduce overall class sizes. The TV/Video production classes continued to grow to further support Manchester TV Channel 77, the school's public channel accessible to Haledon and North Haledon residents. The textbook replacement program provided new and updated textbooks for several classes to support classroom instruction in line with the New Jersey Core Content Standards. The cooperative program with Bergen County Special Services was expanded to provide leadership resources to support students with special needs. A number of rooms received new desks to replace damaged desks.

The 2nd year of college level French in conjunction with the Passaic County Community College program provided students an additional opportunity to expand their foreign language ability while earning college credits in high school.

The 2013 – 2014 school year initiatives include hiring additional staff to reduce class sizes, renovating two classrooms, replacing another section of the roof, repairing the

front entrance sidewalk, replacing hallway lockers, continuing to add Promethean boards throughout the district, and purchasing new computers and textbooks. Security is also a major focus for the district in the upcoming year. The district will be adding cameras, securing entrances, reconfiguring offices, adding security personnel (including an SRO officer), and adjusting its policies to ensure the safety of its staff and students.

Remedial classes will be added in the morning and evening to assist students. The district is also looking to add an alternative program to its schedule. Instructors teach specific skills to students not yet proficient in cluster areas of one of both testing areas. Students are also preparing for the Alternative High School Assessment (AHSA) should they not pass the HSPA. In the event that a student must appeal to the NJDOE for graduation, work product from this class will be in the student's portfolio.

- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for establishing an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the district management.

As part of the district's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

- 5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the capital outlay fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project fund, when such projects are undertaken. The final budget amount, as amended for the fiscal year, is reflected in the financial section.


An encumbrance accounting system is utilized to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

- 6) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit

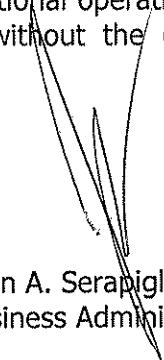
Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

- 7) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
- 8) **OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkottz, Cerullo and Cuva, P.A. conducted this annual audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
- 9) **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Board of Education, for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our educational operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

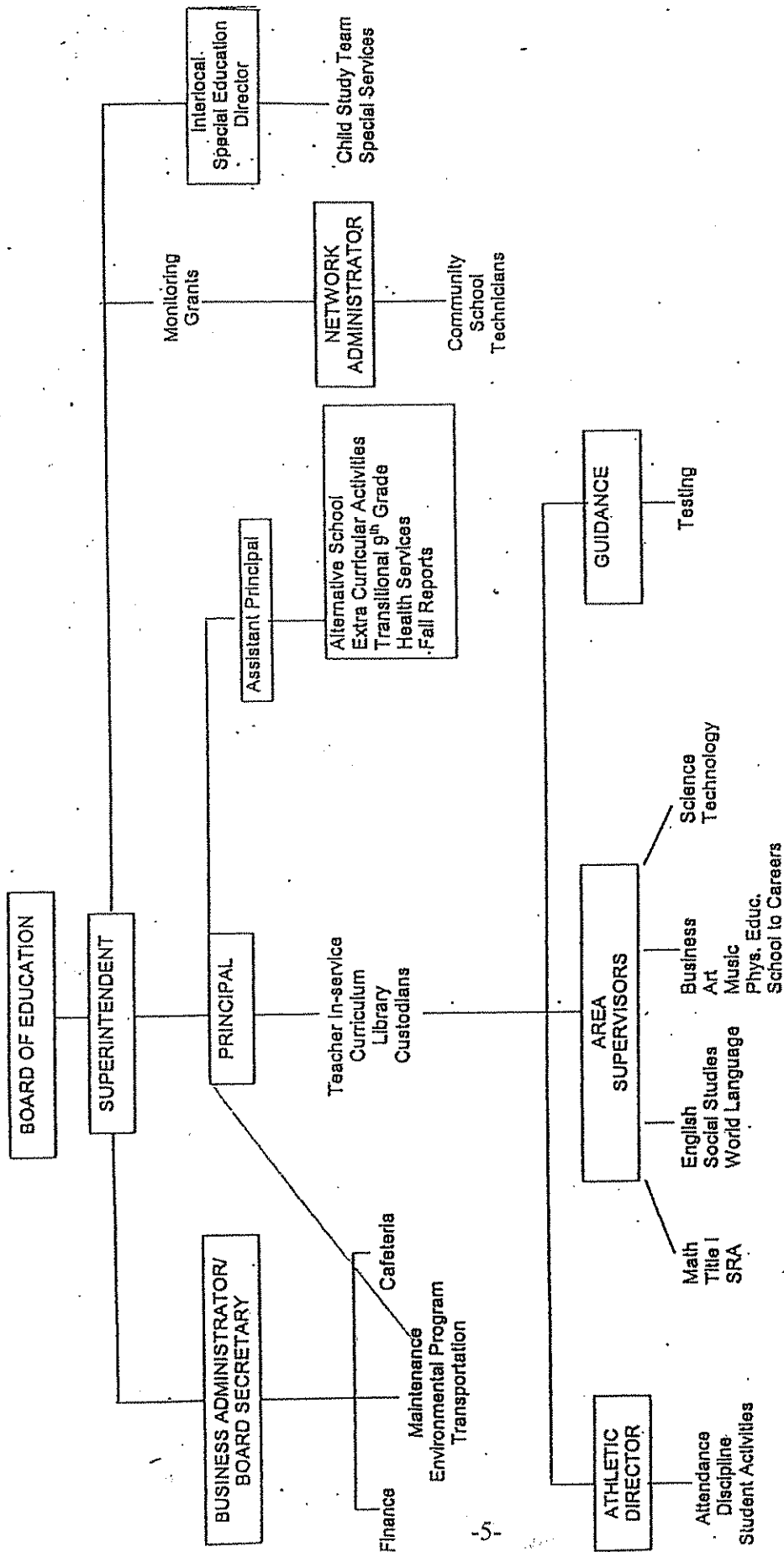


Richard J. Ney, Ed.D.
Superintendent



John A. Serapiglia, Jr.
Business Administrator/Board Secretary

MANCHESTER REGIONAL HIGH SCHOOL ORGANIZATIONAL STRUCTURE



ADOPTED: May 1, 2003

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
BOARD OF EDUCATION
HALEDON, NJ**

**ROSTER OF OFFICIALS
JUNE 30, 2013**

Members of the Board of Education

Name	Town	Term Expires
Michael Boyle	Haledon	2014
Thomas Magura	Prospect Park	2014
Joseph Ferrante	North Haledon	2015
Ellen Fischer	Haledon	2014
Jeffrey Fischer	Haledon	2013
Joseph Foti	North Haledon	2013
Michael Galluccio	North Haledon	2013
Dr. Edward Domanico	North Haledon	2013
John Vander Molen	Prospect Park	2015

Other Officials

Richard J. Ney, Ed. D, Superintendent

John Serapiglia, Business Administrator/Board Secretary

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.
401 Wanaque Avenue
Pompton Lakes, NJ 07442

Attorney

Fogarty & Hara
Counsellors at Law
16-02 Rt. 208 South
Fair Lawn, NJ 07410

Architect

Di Cara / Rubino Architects
30 Galesi Drive, West Wing
Wayne, NJ 07470

Official Depository

TD Bank North
1000 Mac Arthur Boulevard
Mahwah, NJ 07430

FINANCIAL SECTION

Ferraioli, Wielkott, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkott, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Manchester Regional High School District
County of Passaic, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Manchester Regional High School District, in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Manchester Regional High School Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Manchester Regional High School Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information on pages 12 - 21 and 56 - 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Manchester Regional High School Board of Education's basic financial statements. The other supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of federal financial awards and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

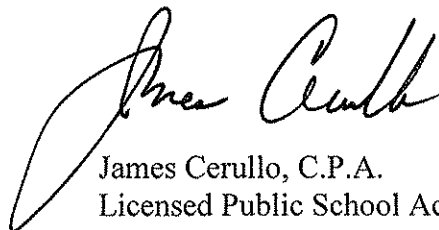
The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2013 on our consideration of the Manchester Regional High School Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to

Honorable President and
Members of the Board of Education
Page 4.

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Manchester Regional High School Board of Education's internal control over financial reporting and compliance.



James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 8, 2013

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The discussion and analysis of the Manchester Regional High School Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position increased \$1,032,671.73. Net position of governmental activities increased \$1,094,571.38 while net position of business-type activity decreased by \$61,899.65.
- General revenues accounted for \$17,755,758.74 in revenue or 89.34 percent of all District revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,118,624.04 or 10.66 percent of total revenues of \$19,874,382.78.
- The School District had \$17,813,823.52 in expenses related to governmental activities; only \$1,152,236.16 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$17,756,158.74 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (government-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Manchester Regional High School Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED, (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

In the *Statement of Net Position and the Statement of Activities*, the District is divided into two distinct kinds of activities:

- **Governmental Activities** – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-type Activities** – These services are provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The food service program, community service program and technology program are reported as a business-type activities.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Manchester Regional High School Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED, (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

The Manchester Regional High School Board of Education maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue and capital project funds, which are considered to be major funds.

The Manchester Regional High School Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Manchester Regional High School Board of Education uses proprietary funds to account for its food service program, community service program and technology program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED, (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The School District's net positions were \$7,424,217.25 at June 30, 2013 and \$6,391,545.52 at June 30, 2012. Restricted net positions are reported separately to show legal constraints that limit the School District's ability to use those items for day-to-day operations. Our analysis below focuses on the net position for 2013 compared to 2012 (Table 1) and change in net position (Table 2) of the School District.

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets						
Current and Other Assets	3,247,769.43	3,628,660.99	445,252.14	568,590.53	3,693,021.57	4,197,251.52
Capital Assets	<u>4,408,102.46</u>	<u>3,331,688.60</u>	<u>216,411.74</u>	<u>198,059.98</u>	<u>4,624,514.20</u>	<u>3,529,748.58</u>
Total Assets	<u>7,655,871.89</u>	<u>6,960,349.59</u>	<u>661,663.88</u>	<u>766,650.51</u>	<u>8,317,535.77</u>	<u>7,727,000.10</u>
Liabilities						
Current Liabilities	837,101.02	1,236,022.60		43,086.98	837,101.02	1,279,109.58
Noncurrent Liabilities	<u>56,217.50</u>	<u>56,345.00</u>			<u>56,217.50</u>	<u>56,345.00</u>
Total Liabilities	<u>893,318.52</u>	<u>1,292,367.60</u>	<u>0.00</u>	<u>43,086.98</u>	<u>893,318.52</u>	<u>1,335,454.58</u>
Net Position						
Invested in Capital						
Assets - Net of Debt	4,408,102.46	3,331,688.60	216,411.74	198,059.98	4,624,514.20	3,529,748.58
Restricted	2,449,600.94	2,452,999.16			2,449,600.94	2,452,999.16
Unrestricted	<u>(95,150.03)</u>	<u>(116,705.77)</u>	<u>445,252.14</u>	<u>525,503.55</u>	<u>350,102.11</u>	<u>408,797.78</u>
Total Net Position	<u>6,762,553.37</u>	<u>5,667,981.99</u>	<u>661,663.88</u>	<u>723,563.53</u>	<u>7,424,217.25</u>	<u>6,391,545.52</u>

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED, (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2013 compared to 2012.

Table 2

**Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues:						
Charges for Services and Sales	219,009.64	247,108.10	518,260.43	918,068.90	737,270.07	1,165,177.00
Operating Grants and Contributions	933,226.52	955,500.56	448,127.45	413,837.75	1,381,353.97	1,369,338.31
General Revenues:						
Taxes:						
Property taxes, levied for general purposes	10,133,993.00	9,935,288.00			10,133,993.00	9,935,288.00
Federal and State Aid						
Not Restricted	7,558,117.43	6,604,904.74			7,558,117.43	6,604,904.74
State Facilities Grant	16,560.52				16,560.52	
Tuition		557.87				557.87
Investment Earnings	345.82				345.82	
Miscellaneous Income	47,141.97	11,694.37			47,141.97	11,694.37
Cancelled Accounts Receivable			(400.00)	(31,250.00)	(400.00)	(31,250.00)
Total Revenues and Transfers	<u>18,908,394.90</u>	<u>17,755,053.64</u>	<u>965,987.88</u>	<u>1,300,656.65</u>	<u>19,874,382.78</u>	<u>19,055,710.29</u>

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED, (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Functions/Program Expenses	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>2013</u>	<u>Total 2012</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>		
Instruction:						
Regular	5,716,972.97	5,270,056.09			5,716,972.97	5,270,056.09
Special Education	979,103.06	827,788.74			979,103.06	827,788.74
Other Special						
Instruction	35,900.15	39,959.39			35,900.15	39,959.39
Other Instruction	476,642.47	389,257.00			476,642.47	389,257.00
Support Services:						
Tuition	3,806,904.90	3,754,167.62			3,806,904.90	3,754,167.62
Student & Instruction						
Related Services	2,361,957.44	2,203,424.02			2,361,957.44	2,203,424.02
School Administrative						
Services	460,451.09	462,779.24			460,451.09	462,779.24
General Administrative						
Services	558,633.63	588,280.87			558,633.63	588,280.87
Central Services and						
Admin. Info. Tech.	353,507.10	426,887.20			353,507.10	426,887.20
Plant Operations and						
Maintenance	942,000.60	984,301.55			942,000.60	984,301.55
Pupil Transportation	821,303.22	820,990.28			821,303.22	820,990.28
Unallocated Benefits	1,176,955.83	962,018.04			1,176,955.83	962,018.04
Charter Schools	17,942.00	15,846.00			17,942.00	15,846.00
Capital Outlay - Non-						
Depreciable	1,239.00	1,319.00			1,239.00	1,319.00
Unallocated depreciation	104,310.06	104,916.50			104,310.06	104,916.50
Food Service			490,900.09	505,773.97	490,900.09	505,773.97
Technology Services			<u>536,987.44</u>	<u>752,225.75</u>	<u>536,987.44</u>	<u>752,225.75</u>
Total Expenses and						
Transfers	<u>17,813,823.52</u>	<u>16,851,991.54</u>	<u>1,027,887.53</u>	<u>1,257,999.72</u>	<u>18,841,711.05</u>	<u>18,109,991.26</u>
Increase or (Decrease) in						
Net Position	<u>1,094,571.38</u>	<u>796,166.14</u>	<u>(61,899.65)</u>	<u>47,444.51</u>	<u>1,032,671.73</u>	<u>843,610.65</u>

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED, (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities, the cost of all of our governmental and business-type activities this year was \$18,841,711.05. However the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$10,133,993.00 because some of the cost was paid by those who benefitted from the programs \$737,270.07, by other governments and organizations who subsidized certain programs with grants and contributions \$1,381,353.97 and by miscellaneous sources \$7,621,765.74.

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service revenues exceeded expenses by \$29,488.06.
- ✓ Charges for services provided totaled \$72,260.70. This represents amounts paid by consumers for daily food services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$448,127.45.
- ✓ Technology program expenses exceeded revenues by \$90,987.71.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2013, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- The general fund was increased by \$176,286.00 for improvements to district facilities, for additional aid for teacher's salaries and other support services.
- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditures item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$93,682.74 for increase in federal and state grant awards.

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED, (CONTINUED)**

General Fund

The general fund actual revenue was \$17,988,343.86. That amount is \$1,304,151.86 above the final amended budget of \$16,684,192.06. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,177,083.33 for TPAF social security reimbursements and on-behalf pension payments and a \$127,068.53 excess in miscellaneous anticipated revenues and other state aids.

The actual expenditures of the general fund were \$17,937,344.36 including transfers which is \$532,442.80 above the final amended budget of \$17,404,901.56. The variance between the actual expenditures and final budget was due to non-budget on-behalf TPAF social security and pension payments of \$1,177,083.33 and \$644,640.53 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$928,433.62. That amount is below the original budget estimate of \$986,539.00 and below the final amended budget of \$1,080,221.74. The \$93,682.74 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved. The \$151,788.12 variance between the final amended budget and the June 30, 2013 actual results was due to the deferral of Federal and State grants received in the current fiscal year to be spent in the next fiscal year.

The actual expenditures of the special revenue fund were \$928,433.62 which is below the original budget of \$986,539.00 and below the final amended budget of \$1,080,221.74. The \$93,682.74 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved. The \$151,788.12 variance between the final amended budget and the June 30, 2013 actual results was due to the anticipation of fully expending federal and state grant programs. Expenditures will be incurred in the next fiscal year.

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED, (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013 the School District had \$9,803,832.59 invested in sites, buildings and equipment, and construction in progress. Of this amount, \$5,179,318.49 in depreciation has been taken over the years. We currently have a net book value of \$4,624,514.10. Total additions for the year were \$1,284,485.55, the majority of which was for construction in progress, facility improvements, food service equipment, technology and maintenance equipment. Table 3 shows fiscal year 2013 balances compared to 2012.

**Table 3
Capital assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Construction in Progress	531,418.57	996,205.94			531,418.57	996,205.94
Land Improvements	628,674.15				628,674.15	0.00
Buildings and Improvements	2,983,320.05	2,049,902.59			2,983,320.05	2,049,902.59
Furniture, Equipment And Vehicles	<u>264,689.69</u>	<u>285,580.07</u>	<u>216,411.64</u>	<u>198,059.98</u>	<u>481,101.33</u>	<u>483,640.05</u>
	<u>4,408,102.46</u>	<u>3,331,688.60</u>	<u>216,411.64</u>	<u>198,059.98</u>	<u>4,624,514.10</u>	<u>3,529,748.58</u>

Debt Administration

At June 30, 2013, the District had \$56,217.50 of long-term debt. Of this amount, \$56,217.50 is for compensated absences.

**MANCHESTER REGIONAL HIGH SCHOOL BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED, (CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Regional funding formula again is in a state of flux. In late August of 2013, the Education Commissioner adjusted the funding equation between the three towns to 50 percent property valuation and 50 percent pupil enrollment. There will likely be appeals from all three towns on this ruling.

The upcoming school budget (2013-2014) represents the first time that the residents in Haledon, North Haledon and Prospect Park did not have an opportunity to vote on the PC Manchester Regional High School Budget. Changes in election law allowed for approval of school budgets without an election (if they fell within tax cap) provided that the municipality, the school district or the electorate voted for such a change. For the 2013-2014 school year, the Boroughs of Haledon and North Haledon and the school district of Prospect Park voted to do away with the vote for the elementary school budget elections. Because all three of the elementary school districts voted to do away with the school budget election, PC Manchester Regional High School was forced to do the same.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Manchester Regional High School Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

John A. Serapiglia, Jr.
School Business Administrator
Manchester Regional High School Board of Education
70 Church Street
Haledon, New Jersey 07508

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	128,081.43	557,523.71	685,605.14
Receivables, net	636,975.50	47,545.87	684,521.37
Internal Balances	161,192.99	(161,192.99)	-
Inventory		1,375.55	1,375.55
Restricted Assets:			
Reserve Accounts - Cash	2,321,519.51		2,321,519.51
Capital Assets, net :			
Construction in Progress	531,418.57		531,418.57
Depreciable Building and Improvements and Machinery and Equipment	3,876,683.89	216,411.74	4,093,095.63
Total Assets	<u>7,655,871.89</u>	<u>661,663.88</u>	<u>8,317,535.77</u>
LIABILITIES			
Cash Deficits	441,037.87		441,037.87
Accounts Payable and Accrued Liabilities	352,962.01	-	352,962.01
Interfunds Payable	3,059.41		3,059.41
Payable to Federal Government	1,031.69		1,031.69
Payable to State Government	34,758.04		34,758.04
Payable to Other Government's	4,252.00		4,252.00
Noncurrent Liabilities:			
Due beyond one year	56,217.50		56,217.50
Total Liabilities	<u>893,318.52</u>	<u>-</u>	<u>893,318.52</u>
NET POSITION			
Invested in Capital Assets, net of Related Debt	4,408,102.46	216,411.74	4,624,514.20
Restricted for:			
Capital Projects	1,931,690.78		1,931,690.78
Other Purposes	517,910.16		517,910.16
Unrestricted (Deficit)	(95,150.03)	445,252.14	350,102.11
Total Net Position	<u>6,762,553.37</u>	<u>661,663.88</u>	<u>7,424,217.25</u>

See Accompanying Notes to Financial Statements.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Positions		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	4,753,321.30	963,651.66	49,980.00	606,878.58	(5,060,114.38)		(5,060,114.38)
Special Education	790,053.59	189,049.47			(979,103.06)		(979,103.06)
Other Special Instruction	29,011.41	6,888.74			(35,900.15)		(35,900.15)
Other Instruction	406,269.07	70,373.40			(476,642.47)		(476,642.47)
Support services:							
Tuition	3,806,904.90	-			(3,806,904.90)		(3,806,904.90)
Student & Instruction Related Services	2,158,688.20	203,269.25		326,347.94	(2,035,609.51)		(2,035,609.51)
School Administrative Services	342,604.44	117,846.65			(460,451.09)		(460,451.09)
General Administrative Services	318,869.56	239,764.07			(558,633.63)		(558,633.63)
Central Services & Admin. Info. Technology	294,037.39	59,469.71			(353,507.10)		(353,507.10)
Plant Operations and Maintenance	860,137.14	81,863.46			(942,000.60)		(942,000.60)
Pupil Transportation	814,578.22	6,725.00	169,029.64		(652,273.58)		(652,273.58)
Unallocated Benefits	1,176,955.83	-			(1,176,955.83)		(1,176,955.83)
Charter Schools	17,942.00	-			(17,942.00)		(17,942.00)
Capital Outlay - Non-depreciable	1,239.00	-			(1,239.00)		(1,239.00)
Unallocated Depreciation	104,310.06	-			(104,310.06)		(104,310.06)
Total Governmental Activities	15,874,922.11	1,938,901.41	219,009.64	933,226.52	(16,661,587.56)	-	(16,661,587.56)
Business-type Activities:							
Food Service	490,900.09		72,260.70	448,127.45		29,488.06	29,488.06
Interlocal Technology Program	536,987.44		445,999.73			(90,987.71)	(90,987.71)
Total Business-type Activities	1,027,887.53		518,260.43	448,127.45		(61,499.65)	(61,499.65)
Total Primary Government	16,902,809.64		737,270.07	1,381,353.97	(16,661,587.56)	(61,499.65)	(16,723,087.01)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					10,133,993.00		10,133,993.00
Federal and State Aid not Restricted					7,558,117.43		7,558,117.43
Investment Earnings					345.82		345.82
Miscellaneous Income					47,141.97		47,141.97
Cancelled Accounts Receivable					(400.00)		(400.00)
State Aid - Capital Outlay Facilities Grant					16,560.52		16,560.52
Total General Revenues, Special Items, Extraordinary Items and Transfers					17,756,158.74	(400.00)	17,755,758.74
Change in Net Positions					1,094,571.38	(61,899.65)	1,032,671.73
Net Positions—Beginning					5,667,981.99	723,563.53	6,391,545.52
Net Positions—Ending					6,762,553.37	661,663.88	7,424,217.25

See Accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents			128,081.43	128,081.43
Tax Levy Receivable	363,365.51			363,365.51
Interfund Receivables	176,465.21			176,465.21
Receivables from Other Governments	152,133.07	121,476.92		273,609.99
Restricted Cash and Cash Equivalents	2,321,519.51			2,321,519.51
Total Assets	<u>3,013,483.30</u>	<u>121,476.92</u>	<u>128,081.43</u>	<u>3,263,041.65</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash Deficit	441,037.87			441,037.87
Accounts Payable	282,547.04	70,414.97		352,962.01
Interfund Payables	3,059.41	15,272.22		18,331.63
Payable to Federal Government		1,031.69		1,031.69
Payable to State Government		34,758.04		34,758.04
Payable to Other Government	4,252.00			4,252.00
Total Liabilities	<u>730,896.32</u>	<u>121,476.92</u>		<u>852,373.24</u>
Fund Balances:				
Restricted for:				
Emergency Reserve	201,207.26			201,207.26
Maintenance Reserve	166,702.90			166,702.90
Capital Reserve Account	1,803,609.35			1,803,609.35
Tuition Reserve	150,000.00			150,000.00
Capital Projects			128,081.43	128,081.43
Assigned to:				
Other Purposes	82,636.86			82,636.86
Unassigned:				
General Fund	(121,569.39)			(121,569.39)
Total Fund Balances	<u>2,282,586.98</u>		<u>128,081.43</u>	<u>2,410,668.41</u>
Total Liabilities and Fund Balances	<u>3,013,483.30</u>	<u>121,476.92</u>	<u>128,081.43</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,438,011.31 and the accumulated depreciation is \$5,029,908.85	4,408,102.46
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(56,217.50)
Net position of governmental activities	<u>6,762,553.37</u>

See Accompanying Notes to Financial Statements.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	10,133,993.00			10,133,993.00
Other Local Government Units - Restricted	49,980.00			49,980.00
Transportation Fees	169,029.64			169,029.64
Interest Earned on Emergency Reserve Funds	125.82			125.82
Interest Earned on Capital Reserve Funds	220.00			220.00
Miscellaneous	47,141.97			47,141.97
Total - Local Sources	<u>10,400,490.43</u>			<u>10,400,490.43</u>
State Sources	7,499,412.73	466,794.96	16,560.52	7,982,768.21
Federal Sources	58,704.70	466,431.56		525,136.26
Total Revenues	<u>17,958,607.86</u>	<u>933,226.52</u>	<u>16,560.52</u>	<u>18,908,394.90</u>
EXPENDITURES				
Current:				
Regular Instruction	4,146,442.72	606,878.58		4,753,321.30
Special Education Instruction	790,053.59			790,053.59
Other Special Instruction	29,011.41			29,011.41
Other Instruction	406,269.07			406,269.07
Tuition	3,806,904.90			3,806,904.90
Student & Instruction Related Services	1,832,340.26	326,347.94		2,158,688.20
School Administrative Services	342,604.44			342,604.44
General Administrative Services	318,869.56			318,869.56
Central & Admin. Inf. Technology	294,037.39			294,037.39
Plant Operations and Maintenance	860,137.14			860,137.14
Pupil Transportation	814,578.22			814,578.22
Unallocated Benefits	3,047,611.11			3,047,611.11
Capital Outlay	1,230,542.55		19,794.00	1,250,336.55
Transfer of Funds to Charter School	17,942.00			17,942.00
Total Expenditures	<u>17,937,344.36</u>	<u>933,226.52</u>	<u>19,794.00</u>	<u>18,890,364.88</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>21,263.50</u>		<u>(3,233.48)</u>	<u>18,030.02</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	120,866.41			120,866.41
Transfers out			(120,866.41)	(120,866.41)
Total other financing sources and (uses)	<u>120,866.41</u>		<u>(120,866.41)</u>	
Net Change in Fund Balances	142,129.91		(124,099.89)	18,030.02
Fund Balance—July 1	2,140,457.07		252,181.32	2,392,638.39
Fund Balance—June 30	<u>2,282,586.98</u>		<u>128,081.43</u>	<u>2,410,668.41</u>

See Accompanying Notes to Financial Statements.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2013

Total net change in fund balances - governmental funds (from B-2) 18,030.02

Amounts reported for governmental activities in the statement
of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of
activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	(172,683.69)	
Depreciable Capital Outlays	<u>1,249,097.55</u>	1,076,413.86

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are
measured by the amounts earned during the year. In the governmental funds, however, expenditures
for these items are reported in the amount of financial resources used (paid). When the earned amount
exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount
exceeds the earned amount the difference is an addition to the reconciliation (+).

Increase/(Decrease) in Compensated Absences Payable	127.50
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Change in net position of governmental activities	<u><u>1,094,571.38</u></u>
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See Accompanying Notes to Financial Statements.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Positions
Proprietary Funds
June 30, 2013

	Business-Type Activities - Enterprise Fund			
	Food Service Program	Community Services Program	Interlocal Technology Program	Total Enterprise Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	285,628.28	14,948.09	256,947.34	557,523.71
Accounts Receivable:				
State	919.74			919.74
Federal	37,176.13			37,176.13
Other			9,450.00	9,450.00
Inventories	1,375.55			1,375.55
Total Current Assets	<u>325,099.70</u>	<u>14,948.09</u>	<u>266,397.34</u>	<u>606,445.13</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	365,821.38			365,821.38
Less Accumulated Depreciation	<u>(149,409.64)</u>			<u>(149,409.64)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>216,411.74</u>			<u>216,411.74</u>
Total Assets	<u>541,511.44</u>	<u>14,948.09</u>	<u>266,397.34</u>	<u>822,856.87</u>
LIABILITIES				
Current Liabilities:				
Interfunds Payable	161,192.99			161,192.99
Total Current Liabilities	<u>161,192.99</u>			<u>161,192.99</u>
Total Liabilities	<u>161,192.99</u>			<u>161,192.99</u>
NET POSITIONS				
Invested in Capital Assets Net of Related Debt	216,411.74			216,411.74
Unrestricted	163,906.71	14,948.09	266,397.34	445,252.14
Total Net Positions	<u>380,318.45</u>	<u>14,948.09</u>	<u>266,397.34</u>	<u>661,663.88</u>

See Accompanying Notes to Financial Statements.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Positions
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Fund			
	Food Service Program	Community Services Program	Interlocal Technology Program	Total Enterprise Fund
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	43,342.22			43,342.22
Daily Sales - Non-Reimbursable Programs	26,537.04			26,537.04
Special Functions	2,381.44			2,381.44
Miscellaneous			445,999.73	445,999.73
Total Operating Revenues	72,260.70		445,999.73	518,260.43
Operating Expenses:				
Cost of Sales	232,934.64			232,934.64
Salaries	171,482.62		405,510.41	576,993.03
Supplies and Materials	6,620.39		6,286.98	12,907.37
Employee Benefits	39,196.45		121,086.00	160,282.45
Cleaning Repair & Maintenance	10,111.65			10,111.65
Purchased Services	13,518.10		4,104.05	17,622.15
Depreciation	17,036.24			17,036.24
Total Operating Expenses	490,900.09		536,987.44	1,027,887.53
Operating Income (Loss)	(418,639.39)		(90,987.71)	(509,627.10)
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	6,480.94			6,480.94
Federal Sources:				
National School Lunch Program	293,871.96			293,871.96
National School Breakfast Program	121,430.63			121,430.63
Food Distribution Program	26,343.92			26,343.92
Total Nonoperating Revenues (Expenses)	448,127.45			448,127.45
Income (Loss) Before Contributions & Transfers	29,488.06		(90,987.71)	(61,499.65)
Other Financing Sources/(Uses)				
Cancelled Accounts Receivable			(400.00)	(400.00)
Change in Net Position	29,488.06		(91,387.71)	(61,899.65)
Total Net Positions—Beginning	350,830.39	14,948.09	357,785.05	723,563.53
Total Net Positions—Ending	380,318.45	14,948.09	266,397.34	661,663.88

See Accompanying Notes to Financial Statements.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Fund			
	Food Service Program	Community Services Program	Interlocal Technology Program	Total Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	72,260.70		451,378.06	523,638.76
Payments for Interfunds	76,440.34			76,440.34
Payments to Employees	(144,857.25)		(405,510.41)	(550,367.66)
Payments for Employee Benefits	(35,664.57)		(121,086.00)	(156,750.57)
Payments to Suppliers	(212,225.39)		(6,286.98)	(218,512.37)
Payments for Miscellaneous Expenses	(11,524.25)		(4,104.05)	(15,628.30)
Net Cash Provided by (Used for) Operating Activities	(255,570.42)		(85,609.38)	(341,179.80)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	6,027.34			6,027.34
Federal Sources	407,702.68			407,702.68
Net Cash Provided by (Used for) Non-Capital Financing Activities	413,730.02			413,730.02
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(35,388.00)			(35,388.00)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(35,388.00)			(35,388.00)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net Increase (Decrease) in Cash and Cash Equivalents	122,771.60		(85,609.38)	37,162.22
Balances—Beginning of Year	162,856.68	14,948.09	342,556.72	520,361.49
Balances—End of Year	285,628.28	14,948.09	256,947.34	557,523.71
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(418,639.39)		(90,987.71)	(509,627.10)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:				
Depreciation and Net Amortization	17,036.24			17,036.24
Food Distribution Program Donated Commodities	26,343.92			26,343.92
(Increase) Decrease in Accounts Receivable, Net			5,378.33	5,378.33
(Increase) Decrease in Inventories	(444.54)			(444.54)
Increase (Decrease) in Accounts Payable	(29,947.00)			(29,947.00)
Increase (Decrease) in Other Current Liabilities	150,080.35			150,080.35
Total Adjustments	163,068.97		5,378.33	168,447.30
Net Cash Provided by (Used for) Operating Activities	(255,570.42)		(85,609.38)	(341,179.80)

See Accompanying Notes to Financial Statements.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Unemployment Compensation Trust Fund</u>	<u>Memorial Special Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	432,251.42	1,301.09	425,236.36
Interfund Receivable			3,059.41
Total Assets	<u>432,251.42</u>	<u>1,301.09</u>	<u>428,295.77</u>
LIABILITIES			
Payable to Student Groups			137,888.10
Payroll Deductions and Withholdings			290,407.67
Total Liabilities			<u>428,295.77</u>
NET POSITION			
Held in Trust for Unemployment			
Claims and Other Purposes	<u>432,251.42</u>		
Reserved for Other Purposes		<u>1,301.09</u>	

See Accompanying Notes to Financial Statements.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	<u>Unemployment Compensation Trust Fund</u>	<u>Memorial Special Trust Fund</u>
ADDITIONS		
Contributions:		
Plan Member	16,540.33	
Total Contributions	<u>16,540.33</u>	
Investment Earnings:		
Interest		1.52
Net Investment Earnings		<u>1.52</u>
Total Additions	<u>16,540.33</u>	<u>1.52</u>
DEDUCTIONS		
Unemployment Claims	28,651.31	
Total Deductions	<u>33,336.38</u>	
Change in Net Assets	(16,796.05)	1.52
Net Position—Beginning of the Year	449,047.47	1,299.57
Net Position—End of the Year	<u>432,251.42</u>	<u>1,301.09</u>

See Accompanying Notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education ("Board") of the Manchester Regional High School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Manchester Regional High School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades 9-12. The School District serves the high school needs of the Boroughs of Haledon, North Haledon and Prospect Park. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Manchester Regional High School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board's accounting policies are described below.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation:

The Board's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

GOVERNMENTAL FUNDS, (continued)

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund, Interlocal Technology Program and the Community School Programs.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, the Memorial/Scholarship Funds, Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Budgets/Budgetary Control: (continued)

chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education made supplemental budgetary appropriations during the fiscal year in the amount of \$176,286.00 as follows:

\$51,813.00 - Teacher's Salaries - Education Jobs Fund
65,521.00 - Capital Outlay
4,860.00 - Speech OT, PT - Related Services
31,412.00 - Tuition
22,680.00 - Child Study Team

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Payable:

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

L. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

O. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

P. Net Position:

Net position represent the difference between assets and liabilities. Net poisiton invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Q. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

R. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

S. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

T. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Recent Accounting Pronouncements:

In August 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In October 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which is effective for fiscal periods beginning after December 15, 2012, amends and supersedes previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any impact on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any impact on the District's financial reporting.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2013, \$-0- of the District's bank balance of \$3,978,039.82 was exposed to custodial credit risk.

Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES

Receivables at June 30, 2013, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
Tax Levy	\$363,365.51	\$	\$363,365.51
State Aid	152,903.40	919.74	153,823.14
Federal Aid	113,529.92	37,173.13	150,706.05
Interfunds	176,465.21		
Other	<u>7,176.67</u>	<u>9,450.00</u>	<u>16,626.67</u>
Gross Receivables	813,440.71	47,542.87	684,521.37
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$813,440.71</u>	<u>\$47,542.87</u>	<u>\$684,521.37</u>

Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2013, consist of the following:

\$3,059.41	Due to the Payroll and Payroll Agency Fund from the General Fund for General Fund bills paid by Payroll and Payroll Agency Fund.
15,272.22	Due to the General Fund from the Special Revenue Fund for short term loan.
<u>161,192.99</u>	Due to the General Fund from the Enterprise Fund to reimburse the General Fund for expenditures for goods or services.
<u>\$179,524.62</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

Interfund transfers for the year ended June 30, 2013 consisted of the following:

\$120,866.41 from the Capital Projects Fund to the General Fund for excess funds due back to capital reserve.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>6/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/13</u>
Governmental Activities				
Capital Assets that are Not Being Depreciated				
Construction in Progress	<u>\$996,205.94</u>	<u>\$19,794.00</u>	<u>\$(484,581.37)</u>	<u>\$531,418.57</u>
Capital Assets Being Depreciated				
Land Improvements	197,400.00	647,294.00		844,694.00
Buildings and Improvements	6,302,027.49	539,334.55	484,581.37	7,325,943.41
Furniture, Equipment and Vehicles	<u>695,780.33</u>	<u>42,675.00</u>	<u>(2,500.00)</u>	<u>735,955.33</u>
Total Capital Assets, Being Depreciated	<u>7,195,207.82</u>	<u>1,229,303.55</u>	<u>482,081.37</u>	<u>8,906,592.74</u>
Less Accumulated Depreciation:				
Land Improvements	(197,400.00)	(18,619.85)		(216,019.85)
Buildings and Improvements	(4,252,124.90)	(90,498.46)		(4,342,623.36)
Furniture, Equipment and Vehicles	<u>(410,200.26)</u>	<u>(63,565.38)</u>	<u>2,500.00</u>	<u>(471,265.64)</u>
Total Accumulated Depreciation	<u>(4,859,725.16)</u>	<u>(172,683.69)</u>	<u>2,500.00</u>	<u>(5,029,908.85)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,335,482.66</u>	<u>1,056,619.86</u>	<u>484,581.37</u>	<u>3,876,683.89</u>
Governmental Activities Capital Assets, Net	<u>\$3,331,688.60</u>	<u>\$1,076,413.86</u>	<u>\$0.00</u>	<u>\$4,408,102.46</u>

Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 6. CAPITAL ASSETS, (continued)

	<u>Balance</u> <u>6/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/13</u>
Business-Type Activity				
Equipment	\$330,433.38	\$35,388.00	\$	\$365,821.38
Less Accumulated Depreciation				
Equipment	<u>(132,373.40)</u>	<u>(17,036.24)</u>	<u> </u>	<u>(149,409.64)</u>
Business-Type Activity Capital Assets, Net	<u>\$198,059.98</u>	<u>\$18,351.76</u>	<u> </u>	<u>\$216,411.74</u>

Depreciation expense was charged to governmental functions as follows:

Instructional - Regular	\$9,883.86
School Administrative Services	38,741.16
Plant Operations and Maintenance	13,023.61
Transportation	6,725.00
Unallocated Depreciation	<u>104,310.06</u>
	<u>\$172,683.69</u>

NOTE 7. OPERATING LEASES

The District had no operating leases outstanding as of June 30, 2013.

NOTE 8. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the year ended June 30, 2013, were as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
Compensated Absences Payable	<u>\$56,345.00</u>	<u>\$2,685.00</u>	<u>(\$2,812.50)</u>	<u>\$56,217.50</u>	<u>\$ -0-</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. At June 30, 2013 the board had no bonds payable.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 8. LONG-TERM OBLIGATION ACTIVITY, (continued)

B. Bonds Authorized But Not Issued:

As of June 30, 2013 the Board has no authorized but not issued bonds.

C. Capital Leases Payable:

The District had no capital leases outstanding at June 30, 2013.

NOTE 9 . PENSION PLANS

Description of Plans - Substantially all employees of the District are covered by either the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Defined Contribution Retirement Program (DCRP), which have been established by state statute. PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm. Prudential Financial jointly administers the DCRP investments with the New Jersey Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or PERS, the employee may be eligible to enroll in DCRP.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 9. PENSION PLANS, (continued)

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums. Employee contributions for DCRP are based on 5.50% of employee's annual compensation and are matched by a 3% employer contribution.

During the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

<u>Year</u> <u>Ending</u>	
6/30/13	\$173,553.00
6/30/12	166,846.00
6/30/11	149,978.00

Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 9. PENSION PLANS, (continued)

The State of New Jersey contribution to TPAF (paid on-behalf of the District by the State of N.J.), equal to the required contributions were as follows:

<u>Year Ending</u>	<u>Post- Retirement Medical Contributions</u>	<u>Pension Contributions</u>	<u>NCGI Premium</u>
6/30/13	\$404,831.00	\$340,125.00	\$17,895.00
6/30/12	370,412.00	166,403.00	17,857.00
6/30/11	366,128.00		17,238.00

During the year ended June 30, 2013, the State of New Jersey contributed \$762,851.00 to the TPAF for pension contributions, NCGI premium contributions and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$414,232.33 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

The Board's contribution to the DCRP were as follows:

<u>Year Ending</u>	
6/30/13	\$3,617.57
6/30/12	0.00
6/30/11	0.00

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 10. POST-RETIREMENT BENEFITS, (continued)

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2012, the State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by CPI Qualified Plan Consultants, Inc., permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan participants are as follows:

Equitable
Lincoln Investment Planning
Oppenheimer
VALIC

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

Property and Liability Insurance - The District is currently a member of the Suburban Essex Joint Insurance Fund (the "Fund"). The Fund provides it's members with General Liability, Auto Liability, Property, Employee Benefits Liability, Worker's Compensation and Employer Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of School District's established for the purpose of providing low-cost insurance coverage for their respective members in order to keep insurance costs at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Funds are elected.

As a member of the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. However, this Fund has fully reinsured the exposures above all limits subscribed to by its members. The Funds can declare and distribute dividends to members upon arrival of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 12. RISK MANAGEMENT, (continued)

Financial statements for the Funds are available at the office of the Fund's administrator, 9 Campus Drive, Suite 16, Parsippany, NJ 07054.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$	\$16,540.33	\$33,336.38	\$432,251.42
2011-2012	127,233.34	14,290.73	79,072.03	449,047.47
2010-2011	163,559.86	14,445.93	61,024.92	386,595.43

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Manchester Regional High School District by inclusion of \$1.00 on September 21, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 13. CAPITAL RESERVE ACCOUNT, (continued)

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012		\$1,155,022.94
Interest Earnings	\$220.00	
Transfer from Capital Projects Fund	120,866.41	
Deposits:		
Approved June 20, 2013	<u>527,500.00</u>	
		<u>648,586.41</u>
Ending balance, June 30, 2013		<u>\$1,803,609.35</u>

The balance in the capital reserve account at June 30, 2013 does not exceed the balance of local support costs of uncomplete capital projects in its LFRP.

NOTE 14. EMERGENCY RESERVE ACCOUNT

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$201,081.44
Interest Earnings	<u>125.82</u>
Ending balance, June 30, 2013	<u>\$201,207.26</u>

NOTE 15. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board of Education resolution adopted June 29, 2010. The account is maintained in the general fund. The maintenance reserve account is used to accumulated funds for the required maintenance of a facility in accordance with the EFCRA (N.J.S.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund. The activity of the maintenance reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	<u>\$166,702.90</u>
Ending balance, June 30, 2013	<u>\$166,702.90</u>

**Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013**

NOTE 16. TUITION RESERVE ACCOUNT

The tuition reserve account represents a year end fund balance classification to reserve unrestricted fund balance for a foreseeable future tuition adjustment pursuant to N.J.A.C. 6A:23A-17.1(f). The tuition reserve enables the District to reserve fund balance for an anticipated large tuition adjustment. The activity of the tuition reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$505,920.00
Withdrawals:	
Budgeted Withdrawal	<u>355,920.00</u>
Ending balance, June 30, 2013	<u>\$150,000.00</u>

NOTE 17. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$2,282,586.98 General Fund fund balance at June 30, 2013, \$82,636.86 is reserved for encumbrances; \$1,803,609.35 has been reserved in the Capital Reserve Account; \$201,207.26 has been reserved in the Emergency Reserve Account; \$166,702.90 has been reserved in the Maintenance Reserve Account; \$150,000.00 has been reserved in the Tuition Reserve Account; and \$(121,569.39) is unreserved and undesignated.

NOTE 18. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District did not have any excess surplus at June 30, 2013.

NOTE 19. INVENTORY

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$893.88
Supplies	<u>481.67</u>
	<u>\$1,375.55</u>

Manchester Regional High School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2013

NOTE 19. INVENTORY, (continued)

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 20. CONTINGENT LIABILITIES

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

NOTE 21. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 8, 2013, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013

Page 1 of 5

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	10,133,993.00		10,133,993.00	10,133,993.00	
Other Local Government Units - Restricted	47,621.00		47,621.00	49,980.00	2,359.00
Transportation Fees	220,000.00		220,000.00	169,029.64	(50,970.36)
Interest on Emergency Reserve	302.00		302.00	125.82	(176.18)
Interest on Capital Reserve	1,000.00		1,000.00	220.00	(780.00)
Miscellaneous	5,000.00		5,000.00	47,141.97	42,141.97
Total - Local Sources	<u>10,407,916.00</u>		<u>10,407,916.00</u>	<u>10,400,490.43</u>	<u>(7,425.57)</u>
State Sources:					
School Choice Aid	1,158,800.00		1,158,800.00	1,158,800.00	
Extraordinary Aid				135,496.00	135,496.00
Categorical Special Education Aid	497,119.00		497,119.00	497,119.00	
Equalization Aid	4,405,275.00		4,405,275.00	4,405,275.00	
Categorical Security Aid	94,206.00		94,206.00	94,206.00	
Categorical Transportation Aid	46,062.00		46,062.00	46,062.00	
Other State Aid - Reimburse Nonpublic School Transportation				15,107.40	15,107.40
On-behalf TPAF NCGI Premium (non-budgeted)				17,895.00	17,895.00
On-behalf TPAF Post Retirement Medical (non-budgeted)				404,831.00	404,831.00
On-behalf TPAF Pension and Annuity (non-budgeted)				340,125.00	340,125.00
TPAF Social Security (Reimbursed - Non-Budgeted)				414,232.33	414,232.33
Total - State Sources	<u>6,201,462.00</u>		<u>6,201,462.00</u>	<u>7,529,148.73</u>	<u>1,327,686.73</u>
Federal Sources:					
Medicaid Reimbursement	23,001.00		23,001.00	6,891.70	(16,109.30)
Education Jobs Credit		51,813.00	51,813.00	51,813.00	
Total - Federal Sources	<u>23,001.00</u>	<u>51,813.00</u>	<u>74,814.00</u>	<u>58,704.70</u>	<u>(16,109.30)</u>
TOTAL REVENUES	<u>16,632,379.00</u>	<u>51,813.00</u>	<u>16,684,192.00</u>	<u>17,988,343.86</u>	<u>1,304,151.86</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	3,772,519.00	130,738.00	3,903,257.00	3,895,579.92	7,677.08
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000.00	5,600.00	20,600.00	20,483.04	116.96
Purchased Professional-Educational Services	2,300.00	4,000.00	6,300.00	6,230.50	69.50
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	85,295.00	(8,215.00)	77,080.00	75,587.00	1,493.00
Purchased Technical Services	58,699.00	(41,988.00)	16,711.00	16,685.70	25.30
Other Purchased Services (400-500 series)	5,300.00	(2,800.00)	2,500.00	2,134.76	365.24
General Supplies	71,698.46	29,690.12	101,388.58	72,535.58	28,853.00
Textbooks	67,042.00	(16,475.12)	50,566.88	49,185.27	1,381.61
Other Objects	12,000.00	(3,975.00)	8,025.00	8,020.95	4.05
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>4,089,853.46</u>	<u>96,575.00</u>	<u>4,186,428.46</u>	<u>4,146,442.72</u>	<u>39,985.74</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
General Supplies	1,500.00		1,500.00	321.24	1,178.76
Textbooks	500.00		500.00	275.38	224.62
Total Learning and/or Language Disabilities	<u>2,000.00</u>		<u>2,000.00</u>	<u>596.62</u>	<u>1,403.38</u>
Behavioral Disabilities:					
Salaries of Teachers	152,584.00	18,400.00	170,984.00	168,742.00	2,242.00
Other Salaries for Instruction	15,000.00	(12,000.00)	3,000.00		3,000.00
General Supplies	4,000.00		4,000.00	3,963.93	36.07
Textbooks	1,000.00		1,000.00	127.55	872.45
Total Behavioral Disabilities	<u>172,584.00</u>	<u>6,400.00</u>	<u>178,984.00</u>	<u>172,833.48</u>	<u>6,150.52</u>
Multiple Disabilities:					
Other Salaries for Instruction	48,467.00		48,467.00	39,700.13	8,766.87
General Supplies	89.86		89.86	89.86	
Total Multiple Disabilities	<u>48,556.86</u>		<u>48,556.86</u>	<u>39,789.99</u>	<u>8,766.87</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013

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	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	501,448.00	(6,400.00)	495,048.00	492,234.80	2,813.20
Other Salaries for Instruction	54,032.00		54,032.00	49,399.82	4,632.18
General Supplies	750.03		750.03	638.55	111.48
Textbooks	1,000.00		1,000.00	465.29	534.71
Total Resource Room/Resource Center	557,230.03	(6,400.00)	550,830.03	542,738.46	8,091.57
Home Instruction:					
Salaries of Teachers	30,000.00	(3,200.00)	26,800.00	26,139.04	660.96
Purchased Professional-Educational Services	15,000.00	(6,800.00)	8,200.00	7,956.00	244.00
Total Home Instruction	45,000.00	(10,000.00)	35,000.00	34,095.04	904.96
TOTAL SPECIAL EDUCATION - INSTRUCTION	825,370.89	(10,000.00)	815,370.89	790,053.59	25,317.30
Bilingual Education - Instruction					
Salaries of Teachers	31,707.00		31,707.00	28,284.40	3,422.60
General Supplies	400.00	100.00	500.00	421.37	78.63
Textbooks	400.00		400.00	305.64	94.36
Total Bilingual Education - Instruction	32,507.00	100.00	32,607.00	29,011.41	3,595.59
School-Sponsored Cocurricular Activities - Instruction					
Salaries	92,313.00	(12,564.82)	79,748.18	79,636.74	111.44
Purchased Services (300-500 series)	1,185.00	6,373.19	7,558.19	7,459.19	99.00
Supplies and Materials	3,335.50	(1,150.00)	2,185.50	2,135.17	50.33
Total School-Sponsored Cocurricular Activities - Instruction	96,833.50	(7,341.63)	89,491.87	89,231.10	260.77
School-Sponsored Athletics - Instruction					
Salaries	185,188.00	24,164.82	209,352.82	209,308.48	44.34
Purchased Services (300-500 series)	22,245.65	(600.00)	21,645.65	20,560.70	1,084.95
Supplies and Materials	47,807.57	(1,573.19)	46,234.38	45,269.79	964.59
Other Objects	23,042.00	(4,450.00)	18,592.00	17,899.00	693.00
Transfers to Cover Deficit (Agency Funds)	24,000.00		24,000.00	24,000.00	
Total School-Sponsored Athletics - Instruction	302,283.22	17,541.63	319,824.85	317,037.97	2,786.88
TOTAL INSTRUCTION	5,346,848.07	96,875.00	5,443,723.07	5,371,776.79	71,946.28
COMMUNITY SERVICES PROGRAMS / OPERATIONS					
Salaries	750.00		750.00		750.00
TOTAL COMMUNITY SERVICES PROGRAMS / OPERATIONS	750.00		750.00		750.00
Undistributed Expenditures - Instruction:					
Tuition to County Voc. School District - Regular	2,916,215.00		2,916,215.00	2,916,215.00	
Tuition to County Voc. School District - Special	94,145.00	(37,072.00)	57,073.00	56,193.00	880.00
Tuition to CSSD & Regional Day Schools	108,386.00	27,366.00	135,752.00	104,955.10	30,796.90
Tuition to Private Schools for the Disabled - Within State	570,221.00	66,406.53	636,627.53	610,258.76	26,368.77
Tuition to Private Schools for the Disabled - Out of State	95,601.00	911.47	96,512.47	96,512.04	0.43
Tuition - State Facilities	22,771.00		22,771.00	22,771.00	
Total Undistributed Expenditures - Instruction:	3,807,339.00	57,612.00	3,864,951.00	3,806,904.90	58,046.10
Undistributed Expend. - Attend. & Social Work					
Salaries	84,283.00		84,283.00	82,791.52	1,491.48
Other Purchased Services (400-500 series)	1,000.00	(394.12)	605.88	148.18	457.70
Supplies and Materials	1,300.00	394.12	1,694.12	1,603.91	90.21
Total Undistributed Expend. - Attend. & Social Work	86,583.00		86,583.00	84,543.61	2,039.39
Undist. Expend. - Health Services					
Salaries	62,386.00	600.00	62,986.00	62,982.50	3.50
Purchased Professional and Technical Services	19,036.00	(800.00)	18,236.00	16,726.00	1,510.00
Supplies and Materials	1,906.00		1,906.00	876.34	1,029.66
Total Undistributed Expenditures - Health Services	83,328.00	(200.00)	83,128.00	80,584.84	2,543.16
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	32,653.00	361.40	33,014.40	30,550.62	2,463.78
Purchased Professional - Educational Services	71,629.00	4,860.00	76,489.00	47,601.75	28,887.25
Supplies and Materials	1,100.00	(257.00)	843.00	842.47	0.53
Total Undist. Expend. - Speech, OT, PT & Related Services	105,382.00	4,964.40	110,346.40	78,994.84	31,351.56

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013

Exhibit C-1

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	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	376,806.00	11,520.00	388,326.00	388,325.05	0.95
Salaries of Secretarial and Clerical Assistants	50,144.00	900.00	51,044.00	51,043.20	0.80
Purchased Professional - Educational Services	11,000.00	(1,012.00)	9,988.00	9,589.50	398.50
Other Purchased Prof. and Tech. Services	4,800.00	(3,500.00)	1,300.00	1,286.00	14.00
Supplies and Materials	5,082.50	400.00	5,482.50	5,158.52	323.98
Other Objects	100.00		100.00		100.00
Total Undist. Expend. - Guidance	447,932.50	8,308.00	456,240.50	455,402.27	838.23
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	153,049.00	650.00	153,699.00	153,690.50	8.50
Salaries of Secretarial and Clerical Assistants	42,757.00	(2,000.00)	40,757.00	40,410.24	346.76
Purchased Professional - Educational Services	851,220.02	28,445.00	879,665.02	879,665.02	
Other Purchased Prof. and Tech. Services	4,000.00		4,000.00	4,000.00	
Residential Costs	250.00		250.00		250.00
Other Purchased Services (400-500 series)	500.00		500.00	335.00	165.00
Supplies and Materials	2,181.00	(850.00)	1,331.00	736.33	594.67
Other Objects	500.00		500.00	340.00	160.00
Total Undist. Expend. - Child Study Teams	1,054,457.02	26,245.00	1,080,702.02	1,079,177.09	1,524.93
Undist. Expend. - Improvement of Instructional Services					
Purchased Prof- Educational Services	9,000.00		9,000.00	987.20	8,012.80
Total Undist. Expend. - Improvement of Inst. Services	9,000.00		9,000.00	987.20	8,012.80
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	47,076.00	(20,860.00)	26,216.00	23,203.04	3,012.96
Salaries of Secretarial and Clerical Assistants		13,095.00	13,095.00	13,094.20	0.80
Purchased Professional and Technical Services	1,250.00		1,250.00	1,045.76	204.24
Other Purchased Services (400-500 series)	10,911.80	(2,420.00)	8,491.80	6,611.48	1,880.32
Supplies and Materials	16,500.14	(5,000.00)	11,500.14	8,695.93	2,804.21
Other Objects	250.00		250.00		250.00
Total Undist. Expend. - Educational Media Serv./Sch. Library	75,987.94	(15,185.00)	60,802.94	52,650.41	8,152.53
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	159,882.00	6,250.00	166,132.00	149,843.64	16,288.36
Legal Services	78,162.00	(28,530.00)	49,632.00	38,113.38	11,518.62
Audit Fees	20,300.00	330.00	20,630.00	20,630.00	
Other Purchased Professional Services	11,140.00	25,500.00	36,640.00	27,002.51	9,637.49
Communications/Telephone	52,100.00	(7,060.00)	45,040.00	39,380.99	5,659.01
BOE Other Purchased Services	5,300.00	921.62	6,221.62	5,887.81	333.81
Other Purchased Services (400-500 series)	28,980.72	(3,786.62)	25,194.10	20,736.22	4,457.88
General Supplies	1,550.00	1,304.00	2,854.00	2,767.20	86.80
Miscellaneous Expenditures	2,700.00	4,731.00	7,431.00	7,422.51	8.49
BOE Membership Dues and Fees	8,600.00	(660.00)	7,940.00	7,085.30	854.70
Total Undist. Expend. - Supp. Serv. - General Administration	368,714.72	(1,000.00)	367,714.72	318,869.56	48,845.16
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	251,777.00		251,777.00	228,191.96	23,585.04
Salaries of Secretarial and Clerical Assistants	96,607.00		96,607.00	96,606.24	0.76
Other Purchased Services (400-500 series)	7,000.00	1,354.00	8,354.00	8,322.01	31.99
Supplies and Materials	10,674.09	(3,864.00)	6,810.09	6,779.94	30.15
Other Objects	2,000.00	2,600.00	4,600.00	2,704.29	1,895.71
Total Undist. Expend. - Support Serv. - School Administration	368,058.09	90.00	368,148.09	342,604.44	25,543.65
Undist. Expend. - Central Services					
Salaries	218,092.00	(4,220.00)	213,872.00	162,575.92	51,296.08
Purchased Professional Services	14,000.00	2,230.00	16,230.00	16,155.00	75.00
Purchased Technical Services	1,000.00	(500.00)	500.00	155.00	345.00
Misc. Purchased Services (400-500 series)	400.00	(104.40)	295.60	110.77	184.83
Supplies and Materials	5,508.79	690.00	6,198.79	264.85	5,933.94
Miscellaneous Expenditures	1,100.00		1,100.00	948.00	152.00
Total Undist. Expend. - Central Services	240,100.79	(1,904.40)	238,196.39	180,209.54	57,986.85
Undist. Expend. - Admin. Info. Tech.					
Salaries	83,192.00		83,192.00	81,600.00	1,592.00
Purchased Technical Services	26,400.00	(17,226.00)	9,174.00	3,207.12	5,966.88
Other Purchased Services (400-500 series)	400.00	300.00	700.00	562.00	138.00
Supplies and Materials	26,911.47	13,836.00	40,747.47	28,458.73	12,288.74
Other Objects	500.00		500.00		500.00
Total Undist. Expend. - Admin. Info. Tech.	137,403.47	(3,090.00)	134,313.47	113,827.85	20,485.62

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013

Exhibit C-1

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	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. for School Facilities					
Salaries	28,877.00	3,250.00	32,127.00	30,237.35	1,889.65
Cleaning, Repair and Maintenance Services	99,660.50	56,800.00	156,460.50	144,554.51	11,905.99
General Supplies	20,739.00	(9,000.00)	11,739.00	11,695.81	43.19
Other Objects		2,950.00	2,950.00	1,613.98	1,336.02
Undist. Expend. - Required Maint. for School Facilities	149,276.50	54,000.00	203,276.50	188,101.65	15,174.85
Undist. Expend. - Custodial Services					
Salaries	287,970.00	(18,400.00)	269,570.00	252,411.32	17,158.68
Purchased Professional and Technical Services	1,700.00		1,700.00		1,700.00
Cleaning, Repair and Maintenance Services	39,880.00	(926.00)	38,954.00	33,983.69	4,970.31
Other Purchased Property Services	56,474.56		56,474.56	54,948.03	1,526.53
Insurance	69,000.00	(4,500.00)	64,500.00	62,157.21	2,342.79
Miscellaneous Purchased Services	250.00		250.00		250.00
General Supplies	47,391.50	7,500.00	54,891.50	50,250.29	4,641.21
Energy (Energy and Electricity)	154,000.00	(17,600.00)	136,400.00	136,321.25	78.75
Other Objects	250.00		250.00		250.00
Energy (Natural Gas)	100,000.00	(29,900.00)	70,100.00	65,684.76	4,415.24
Total Undist. Expend. - Custodial Services	756,916.06	(63,826.00)	693,090.06	655,756.55	37,333.51
Undist. Expend. - Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	4,254.54	7,400.00	11,654.54	11,574.54	80.00
General Supplies	200.00		200.00		200.00
Total Undist. Expend. - Care & Upkeep of Grounds	4,454.54	7,400.00	11,854.54	11,574.54	280.00
Undist. Expend. - Security					
Purchased Professional and Technical Services	1,500.00	2,726.00	4,226.00	3,726.00	500.00
General Supplies		5,500.00	5,500.00	978.40	4,521.60
Total Undist. Expend. - Security	1,500.00	8,226.00	9,726.00	4,704.40	5,021.60
Total Undist. Expend. - Oper. & Maint. Of Plant	912,147.10	5,800.00	917,947.10	860,137.14	57,809.96
Undist. Expend. - Student Transportation Services					
Management Fee - ESC & CTSA Trans. Program	30,600.00		30,600.00	23,730.40	6,869.60
Contracted Services (Between Home and School)-Vendors	141,000.00		141,000.00	139,961.00	1,039.00
Contracted Services (Other than Bet Home and School)-Vendors	72,030.00		72,030.00	67,034.04	4,995.96
Contracted Services (Regular Students)-ESCs & CTSA	213,000.00	(15,000.00)	198,000.00	151,668.92	46,331.08
Contracted Services (Special Ed. Students)-ESCs & CTSA	290,000.00		290,000.00	282,520.79	7,479.21
Contracted Services - Aid in Lieu Payments	139,698.00	15,000.00	154,698.00	149,663.07	5,034.93
Total Undist. Expend. - Student Transportation Services	886,328.00		886,328.00	814,578.22	71,749.78
UNALLOCATED BENEFITS					
Social Security Contributions	175,000.00	25,000.00	200,000.00	174,435.15	25,564.85
Other Retirement Contributions - PERS	189,532.00	(11,000.00)	178,532.00	173,553.00	4,979.00
DCRP Contribution		4,000.00	4,000.00	3,617.57	382.43
Unemployment Compensation	36,079.00	(34,000.00)	2,079.00		2,079.00
Workmen's Compensation	55,000.00		55,000.00	54,385.10	614.90
Health Benefits	1,621,673.00	(76,750.00)	1,544,923.00	1,453,134.01	91,788.99
Tuition Reimbursement	24,000.00		24,000.00	9,902.95	14,097.05
Other Employee Benefits	2,500.00	25,000.00	27,500.00	1,500.00	26,000.00
TOTAL UNALLOCATED BENEFITS	2,103,784.00	(67,750.00)	2,036,034.00	1,870,527.78	165,506.22
On-behalf Teachers Pension and Annuity Fund (non-budgeted)				340,125.00	(340,125.00)
On-behalf TPAF NCGI Premium (non-budgeted)				17,895.00	(17,895.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)				404,831.00	(404,831.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				414,232.33	(414,232.33)
TOTAL ON-BEHALF CONTRIBUTIONS				1,177,083.33	(1,177,083.33)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,103,784.00	(67,750.00)	2,036,034.00	3,047,611.11	(1,011,577.11)
TOTAL UNDISTRIBUTED EXPENDITURES	10,686,545.63	13,890.00	10,700,435.63	11,317,083.02	(616,647.39)
TOTAL GENERAL CURRENT EXPENSE	16,034,143.70	110,765.00	16,144,908.70	16,688,859.81	(543,951.11)
CAPITAL OUTLAY					
Equipment					
Support Services:					
Undistributed Expenditures - Custodial		21,160.80	21,160.80	21,160.80	
Total Equipment		21,160.80	21,160.80	21,160.80	

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013

Exhibit C-1

Page 5 of 5

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Facilities Acquisition and Construction Services					
Architectural / Engineering Services	2,538.36		2,538.36	2,538.36	
Other Purchased Professional & Technical Services	16,722.50		16,722.50	15,762.96	959.54
Construction Services	108,530.00	1,089,360.20	1,197,890.20	1,187,341.43	10,548.77
Assessment for Debt Service on SDA Funding	3,739.00		3,739.00	3,739.00	
Total Facilities Acquisition and Construction Services	<u>131,529.86</u>	<u>1,089,360.20</u>	<u>1,220,890.06</u>	<u>1,209,381.75</u>	<u>11,508.31</u>
TOTAL CAPITAL OUTLAY	<u>131,529.86</u>	<u>1,110,521.00</u>	<u>1,242,050.86</u>	<u>1,230,542.55</u>	<u>11,508.31</u>
Transfer of Funds to Charter Schools	<u>17,942.00</u>		<u>17,942.00</u>	<u>17,942.00</u>	
TOTAL EXPENDITURES	<u>16,183,615.56</u>	<u>1,221,286.00</u>	<u>17,404,901.56</u>	<u>17,937,344.36</u>	<u>(532,442.80)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>448,763.44</u>	<u>(1,169,473.00)</u>	<u>(720,709.56)</u>	<u>50,999.50</u>	<u>771,709.06</u>
Other Financing Sources/(Uses):					
Operating Transfer Out:					
Transfer from Capital Projects Fund to Capital Reserve				120,866.41	120,866.41
Transfer from Capital Outlay to Capital Projects Fund	<u>(1,045,000.00)</u>	<u>1,045,000.00</u>			
Total Other Financing Sources/(Uses):	<u>(1,045,000.00)</u>	<u>1,045,000.00</u>		<u>120,866.41</u>	<u>120,866.41</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(596,236.56)</u>	<u>(124,473.00)</u>	<u>(720,709.56)</u>	<u>171,865.91</u>	<u>892,575.47</u>
Fund Balance, July 1	<u>2,717,964.07</u>		<u>2,717,964.07</u>	<u>2,717,964.07</u>	
Fund Balance, June 30	<u>2,121,727.51</u>	<u>(124,473.00)</u>	<u>1,997,254.51</u>	<u>2,889,829.98</u>	<u>892,575.47</u>
Recapitulation of excess (deficiency) of revenues under expenditures					
Adjustment for Prior Year Encumbrances	(172,090.56)		(172,090.56)	(172,090.56)	
Increase in Capital Reserve:					
Principal				648,366.41	648,366.41
Interest	1,000.00		1,000.00	220.00	(780.00)
Increase in Emergency Reserve					
Interest	302.00		302.00	125.82	(176.18)
Budgeted Withdrawal from Tuition Reserve	(355,920.00)		(355,920.00)	(355,920.00)	
Budgeted Fund Balance	<u>(69,528.00)</u>	<u>(124,473.00)</u>	<u>(194,001.00)</u>	<u>51,164.24</u>	<u>245,165.24</u>
	<u>(596,236.56)</u>	<u>(124,473.00)</u>	<u>(720,709.56)</u>	<u>171,865.91</u>	<u>892,575.47</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				1,803,609.35	
Maintenance Reserve				166,702.90	
Emergency Reserve				201,207.26	
Tuition Reserve				150,000.00	
Assigned Fund Balance:					
Year-End Encumbrances				82,636.86	
Unassigned Fund Balance				<u>485,673.61</u>	
				<u>2,889,829.98</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(607,243.00)	
Fund Balance per Governmental Funds (GAAP)				<u>2,282,586.98</u>	

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Education Jobs Fund - Budget and Actual
General Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources:					
Education Jobs Fund		51,813.00	51,813.00	51,813.00	
Total - Federal Sources		51,813.00	51,813.00	51,813.00	
TOTAL REVENUES		51,813.00	51,813.00	51,813.00	
EXPENDITURES:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers		51,813.00	51,813.00	51,813.00	
TOTAL REGULAR PROGRAMS - INSTRUCTION		51,813.00	51,813.00	51,813.00	

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	538,233.00	40,485.74	578,718.74	466,794.96	(111,923.78)
Federal Sources	448,306.00	53,197.00	501,503.00	461,638.66	(39,864.34)
Total Revenues	986,539.00	93,682.74	1,080,221.74	928,433.62	(151,788.12)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	196,548.00	(11,119.00)	185,429.00	136,047.09	49,381.91
Purchased Professional - Educational Services	244,196.00	(37,889.00)	206,307.00	171,806.77	34,500.23
Purchased Professional and Technical Services		26,191.00	26,191.00	26,191.00	
Other Purchased Services (400-500 series)	175,000.00	26,593.00	201,593.00	177,261.39	24,331.61
General Supplies		82,318.89	82,318.89	64,567.24	17,751.65
Textbooks	30,061.00	(3,641.00)	26,420.00	26,212.19	207.81
Total Instruction	645,805.00	82,453.89	728,258.89	602,085.68	126,173.21
Support Services:					
Personal Services - Employee Benefits		29,781.00	29,781.00	29,780.71	0.29
Purchased Professional & Technical Services		33,815.00	33,815.00	18,757.88	15,057.12
Purchased Professional - Educational Services	327,950.00	(59,174.00)	268,776.00	268,776.00	
Other Purchased Services (400-500 series)	12,784.00	6,645.85	19,429.85	9,033.35	10,396.50
Supplies & Materials		161.00	161.00		161.00
Total Support Services	340,734.00	11,228.85	351,962.85	326,347.94	25,614.91
Total Expenditures	986,539.00	93,682.74	1,080,221.74	928,433.62	151,788.12
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)					

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Note to Required Supplementary Information

For the Year Ended June 30, 2013

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	17,988,343.86	928,433.62
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			4,792.90
Less Current Year Encumbrances			
The last State aid payment is recognized as revenue for budgetary purposes in the General Fund, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(607,243.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		577,507.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>17,958,607.86</u>	<u>933,226.52</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	17,937,344.36	928,433.62
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		N/A	
Add Prior Year Encumbrances			4,792.90
Less Current Year Encumbrances			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>17,937,344.36</u>	<u>933,226.52</u>

SPECIAL REVENUE FUND

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2013

	Total	Title I Part - A Improving Basic Programs	Title II Part - A Teacher/Principal Training & Recruiting	Race to the Top	Totals 2013
REVENUES					
State Sources	466,794.96				466,794.96
Federal Sources	254,312.59	187,790.43	7,871.64	11,664.00	461,638.66
Total Revenues	721,107.55	187,790.43	7,871.64	11,664.00	928,433.62
EXPENDITURES:					
Instruction:					
Salaries of Teachers		136,047.09			136,047.09
Purchased Professional - Educational Services	171,806.77				171,806.77
Purchased Professional and Technical Services	26,191.00				26,191.00
Other Purchased Services (400-500 series)	177,261.39				177,261.39
General Supplies	47,876.35	16,690.89			64,567.24
Textbooks	26,212.19				26,212.19
Total Instruction	449,347.70	152,737.98			602,085.68
Support Services:					
Personal Services - Employee Benefits		29,780.71			29,780.71
Purchased Professional & Technical Services		5,271.74	1,822.14	11,664.00	18,757.88
Purchased Professional - Educational Services	268,776.00				268,776.00
Other Purchased Services (400-500 series)	2,983.85		6,049.50		9,033.35
Total Support Services	271,759.85	35,052.45	7,871.64	11,664.00	326,347.94
Total Expenditures	721,107.55	187,790.43	7,871.64	11,664.00	928,433.62
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2013

	Total Brought Forward (Ex. E-1b)	I.D.E.A. Part B		Carryover Title II Part - A Teacher/Principal Training & Recruiting	Total Carried Forward
		Basic	Carryover Basic		
REVENUES					
State Sources	466,794.96	219,022.85	32,305.89	2,983.85	466,794.96
Federal Sources					254,312.59
Total Revenues	466,794.96	219,022.85	32,305.89	2,983.85	721,107.55
EXPENDITURES:					
Instruction:					
Salaries of Teachers	171,806.77				171,806.77
Purchased Professional - Educational Services		26,191.00			26,191.00
Purchased Professional and Technical Services		177,261.39			177,261.39
Other Purchased Services (400-500 series)		15,570.46	32,305.89		47,876.35
General Supplies	26,212.19				26,212.19
Textbooks					
Total Instruction	198,018.96	219,022.85	32,305.89		449,347.70
Support services:					
Personal Services - Employee Benefits					
Purchased Professional & Technical Services					
Purchased Professional - Educational Services	268,776.00			2,983.85	268,776.00
Other Purchased Services (400-500 series)					2,983.85
Total Support Services	268,776.00			2,983.85	271,759.85
Total Expenditures	466,794.96	219,022.85	32,305.89	2,983.85	721,107.55
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)					

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2013

	Total Brought Forward (Ex. E-1c)	School Based Youth Service	Nonpublic Textbook Aid	Nonpublic Nursing Aid	Nonpublic Initial Exam & Classification	Ch. 193 - Handicapped Services Nonpublic Annual Exam & Classification	Nonpublic Corrective Speech	Nonpublic Supplemental Instruction	Total Carried Forward
REVENUES									
State Sources	42,706.35	268,776.00	26,212.19	36,670.00	37,130.76	10,327.00	3,827.88	41,144.78	466,794.96
Federal Sources									
Total Revenues	42,706.35	268,776.00	26,212.19	36,670.00	37,130.76	10,327.00	3,827.88	41,144.78	466,794.96
EXPENDITURES:									
Instruction:									
Salaries of Teachers									
Purchased Professional - Educational Services									
Purchased Professional and Technical Services	42,706.35			36,670.00	37,130.76	10,327.00	3,827.88	41,144.78	171,806.77
Other Purchased Services (400-500 series)									
General Supplies			26,212.19						26,212.19
Textbooks									
Total Instruction	42,706.35		26,212.19	36,670.00	37,130.76	10,327.00	3,827.88	41,144.78	198,018.96
Support Services:									
Personal Services - Employee Benefits									
Purchased Professional & Technical Services		268,776.00							268,776.00
Purchased Professional - Educational Services									
Other Purchased Services (400-500 series)									
Total Support Services		268,776.00							268,776.00
Total Expenditures	42,706.35	268,776.00	26,212.19	36,670.00	37,130.76	10,327.00	3,827.88	41,144.78	466,794.96
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)									

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2013

	Ch. 192			
	Auxiliary Services			Total Carried Forward
	Nonpublic Technology Aid	Nonpublic Compensatory Education	English as a Second Language	
REVENUES				
State Sources	9,750.00	32,189.01	767.34	42,706.35
Federal Sources				
Total Revenues	<u>9,750.00</u>	<u>32,189.01</u>	<u>767.34</u>	<u>42,706.35</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional - Educational Services	9,750.00	32,189.01	767.34	42,706.35
Purchased Professional and Technical Services				
Other Purchased Services (400-500 series)				
General Supplies				
Textbooks				
Total instruction	<u>9,750.00</u>	<u>32,189.01</u>	<u>767.34</u>	<u>42,706.35</u>
Support services:				
Personal Services - Employee Benefits				
Purchased Professional & Technical Services				
Purchased Professional - Educational Services				
Other Purchased Services (400-500 series)				
Total support services				
Total Expenditures	<u>9,750.00</u>	<u>32,189.01</u>	<u>767.34</u>	<u>42,706.35</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)				

CAPITAL PROJECTS FUND

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2013

Expenditures and Other Financing Uses	
Purchased Professional Services	14,983.50
Construction Services	4,810.50
Transferred to Capital Reserve	120,866.41
Canceled Intergovernmental Accounts Receivable - State	193,838.22
Total Expenditures	<u>334,498.63</u>
Excess (deficiency) or Revenues over (under) Expenditures	(334,498.63)
Fund balance - beginning	<u>462,580.06</u>
Fund balance - ending	<u><u>128,081.43</u></u>
<u>Recapitulation:</u>	
Fund Balance per Governmental Funds (GAAP)	<u><u>128,081.43</u></u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
HVAC Replacement
From Inception and For the Year Ended June 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EPCFA Grant	235,342.00	(120,957.00)	114,385.00	114,385.00
Transfer from Capital Reserve	143,944.00	(80,342.22)	63,601.78	63,601.78
Total Revenues	<u>379,286.00</u>	<u>(201,299.22)</u>	<u>177,986.78</u>	<u>177,986.78</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	39,636.28		39,636.28	39,636.28
Construction Services	133,540.00	4,810.50	138,350.50	138,350.50
Total Expenditures	<u>173,176.28</u>	<u>4,810.50</u>	<u>177,986.78</u>	<u>177,986.78</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>206,109.72</u>	<u>(206,109.72)</u>		
Additional Project Information:				
Project Number	3980-010-09-1001			
Grant Date	2/26/2009			
Original Authorized Cost	379,286.00			
Percentage Completion	100%			

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Roof Replacement - Phase III
From Inception and For the Year Ended June 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EFCFA Grant	269,917.00	(72,881.22)	197,035.78	197,035.78
Transfer from Capital Reserve	150,083.00	(40,524.19)	109,558.81	109,558.81
Total Revenues	<u>420,000.00</u>	<u>(113,405.41)</u>	<u>306,594.59</u>	<u>306,594.59</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	3,209.09	14,983.50	18,192.59	18,192.59
Construction Services	288,402.00		288,402.00	288,402.00
Total Expenditures	<u>291,611.09</u>	<u>14,983.50</u>	<u>306,594.59</u>	<u>306,594.59</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>128,388.91</u>	<u>(128,388.91)</u>	<u></u>	<u></u>
Additional Project Information:				
Project Number	3980-010-09-1002			
Grant Date	11/18/2009			
Original Authorized Cost	420,000.00			
Percentage Completion	100%			

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Roof Replacement - Phase IV, V and VI
From Inception and For the Year Ended June 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	480,000.00		480,000.00	480,000.00
Transfer from Capital Outlay	179,500.00		179,500.00	179,500.00
Total Revenues	<u>659,500.00</u>		<u>659,500.00</u>	<u>659,500.00</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	3,591.06		3,591.06	15,000.00
Construction Services	<u>527,827.51</u>		<u>527,827.51</u>	<u>644,500.00</u>
Total Expenditures	<u>531,418.57</u>		<u>531,418.57</u>	<u>659,500.00</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>128,081.43</u>		<u>128,081.43</u>	
Additional Project Information:				
Project Number	3980-010-11-2000			
Project Number	3980-010-12-1000			
Original Authorized Cost	659,500.00			
Percentage Completion	81%			
Original target completion date	8/31/2013			

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Project Expenditures
For the Year Ended June 30, 2013

Project Title/Issue	Original Date or Project Number	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2013
			Prior Years	Current Year	
HVAC Replacement	2/26/2009 SP# 3980-010-09-1001	177,986.78	173,176.28	4,810.50	
Roof Replacement Phase III	11/18/2009 SP# 3980-010-09-1002	306,594.59	291,611.09	14,983.50	
Roof Replacement Phase IV, V, VI	09/11/11 SP# 3980-010-11-2000 SP# 3980-010-12-1000	659,500.00	531,418.57		128,081.43
		1,144,081.37	996,205.94	19,794.00	128,081.43

PROPRIETARY FUNDS

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Net Position
Enterprise Funds
June 30, 2013

	<u>Food Service Program</u>	<u>Community Services Program</u>	<u>Technology Program</u>	<u>Totals</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	285,628.28	14,948.09	256,947.34	557,523.71
Accounts Receivable:				
State	919.74			919.74
Federal	37,176.13			37,176.13
Other			9,450.00	9,450.00
Inventories	1,375.55			1,375.55
Total Current Assets	<u>325,099.70</u>	<u>14,948.09</u>	<u>266,397.34</u>	<u>606,445.13</u>
Noncurrent Assets:				
Capital Assets:				
Equipment	365,821.38			365,821.38
Less Accumulated Depreciation	<u>(149,409.64)</u>			<u>(149,409.64)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>216,411.74</u>			<u>216,411.74</u>
Total Assets	<u>541,511.44</u>	<u>14,948.09</u>	<u>266,397.34</u>	<u>822,856.87</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable				
Interfunds Payable	161,192.99			161,192.99
Total Current Liabilities	<u>161,192.99</u>			<u>161,192.99</u>
NET POSITION				
Invested in Capital Assets Net of Related Debt	216,411.74			216,411.74
Unrestricted	163,906.71	14,948.09	266,397.34	445,252.14
Total Net Position	<u>380,318.45</u>	<u>14,948.09</u>	<u>266,397.34</u>	<u>661,663.88</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2013

	<u>Food Service Program</u>	<u>Community Services Program</u>	<u>Technology Program</u>	<u>Totals</u>
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	43,342.22			43,342.22
Daily Sales - Non-Reimbursable Programs	26,537.04			26,537.04
Special Functions	2,381.44			2,381.44
Miscellaneous - Program Fees			445,999.73	445,999.73
Total Operating Revenues	<u>72,260.70</u>		<u>445,999.73</u>	<u>518,260.43</u>
Operating Expenses:				
Cost of Sales	232,934.64			232,934.64
Salaries	171,482.62		405,510.41	576,993.03
Supplies and Materials	6,620.39		6,286.98	12,907.37
Employee Benefits	39,196.45		121,086.00	160,282.45
Cleaning Repair & Maintenance	10,111.65			10,111.65
Purchased Services	13,518.10		4,104.05	17,622.15
Depreciation	17,036.24			17,036.24
Total Operating Expenses	<u>490,900.09</u>		<u>536,987.44</u>	<u>1,027,887.53</u>
Operating Income (Loss)	<u>(418,639.39)</u>		<u>(90,987.71)</u>	<u>(509,627.10)</u>
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	6,480.94			6,480.94
Federal Sources:				
National School Lunch Program	293,871.96			293,871.96
National School Breakfast Program	121,430.63			121,430.63
Food Distribution Program	26,343.92			26,343.92
Total Nonoperating Revenues (Expenses)	<u>448,127.45</u>			<u>448,127.45</u>
Income (Loss) Before Contributions & Transfers	<u>29,488.06</u>		<u>(90,987.71)</u>	<u>(61,499.65)</u>
Other Financing Sources/(Uses)				
Cancelled Accounts Receivable			(400.00)	(400.00)
Change in Net Position	29,488.06		(91,387.71)	(61,899.65)
Total Net Positions—Beginning	<u>350,830.39</u>	<u>14,948.09</u>	<u>357,785.05</u>	<u>723,563.53</u>
Total Net Positions—Ending	<u>380,318.45</u>	<u>14,948.09</u>	<u>266,397.34</u>	<u>661,663.88</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2013

	<u>Food Service Program</u>	<u>Community Services Program</u>	<u>Technology Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	72,260.70		451,378.06	523,638.76
Payments for Interfunds	76,440.34			76,440.34
Payments to Employees	(144,857.25)		(405,510.41)	(550,367.66)
Payments for Employee Benefits	(35,664.57)		(121,086.00)	(156,750.57)
Payments to Suppliers	(212,225.39)		(6,286.98)	(218,512.37)
Payments for Miscellaneous Expenses	(11,524.25)		(4,104.05)	(15,628.30)
Net Cash Provided by (Used for) Operating Activities	<u>(255,570.42)</u>		<u>(85,609.38)</u>	<u>(341,179.80)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	6,027.34			6,027.34
Federal Sources	407,702.68			407,702.68
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>413,730.02</u>			<u>413,730.02</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(35,388.00)			(35,388.00)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(35,388.00)</u>			<u>(35,388.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net Increase (Decrease) in Cash and Cash Equivalents	122,771.60		(85,609.38)	37,162.22
Balances—Beginning of Year	162,856.68	14,948.09	342,556.72	520,361.49
Balances—End of Year	<u>285,628.28</u>	<u>14,948.09</u>	<u>256,947.34</u>	<u>557,523.71</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(418,639.39)		(90,987.71)	(509,627.10)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:				
Depreciation and Net Amortization	17,036.24			17,036.24
Food Distribution Program Donated Commodities	26,343.92			26,343.92
(Increase) Decrease in Accounts Receivable, Net			5,378.33	5,378.33
(Increase) Decrease in Inventories	(444.54)			(444.54)
Increase (Decrease) in Accounts Payable	(29,947.00)			(29,947.00)
Increase (Decrease) in Other Current Liabilities	150,080.35			150,080.35
Total Adjustments	<u>163,068.97</u>		<u>5,378.33</u>	<u>168,447.30</u>
Net Cash Provided by (Used for) Operating Activities	<u>(255,570.42)</u>		<u>(85,609.38)</u>	<u>(341,179.80)</u>

FIDUCIARY FUND

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Unemployment Compensation Trust Fund</u>	<u>Memorial Special Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	432,251.42	1,301.09	425,236.36
Interfund Receivable			3,059.41
Total Assets	<u>432,251.42</u>	<u>1,301.09</u>	<u>428,295.77</u>
LIABILITIES			
Payable to Student Groups			137,888.10
Payroll Deductions and Withholdings			290,407.67
Total Liabilities			<u>428,295.77</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>432,251.42</u>		
Reserved for Other Purposes		<u>1,301.09</u>	

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	<u>Unemployment Compensation Trust Fund</u>	<u>Memorial Special Trust Fund</u>
ADDITIONS		
Contributions:		
Plan Member	16,540.33	
Board		
Total Contributions	<u>16,540.33</u>	
Investment Earnings:		
Interest		1.52
Net Investment Earnings		<u>1.52</u>
Total Additions	<u>16,540.33</u>	<u>1.52</u>
DEDUCTIONS		
Quarterly Contribution Reports	4,685.07	
Unemployment Claims	28,651.31	
Total Deductions	<u>33,336.38</u>	
Change in Net Position	(16,796.05)	1.52
Net Position—Beginning of the Year	449,047.47	1,299.57
Net Position—End of the Year	<u><u>432,251.42</u></u>	<u><u>1,301.09</u></u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Student Activity Agency Fund

Schedule of Receipts and Disbursements

For the Year Ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2013</u>
General Organization Account	117,842.47	125,591.26	105,974.58	137,459.15
DECA Marketing Club	<u>4.95</u>	<u>544.00</u>	<u>120.00</u>	<u>428.95</u>
	<u>117,847.42</u>	<u>126,135.26</u>	<u>106,094.58</u>	<u>137,888.10</u>

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2013</u>
Net Payroll		4,838,154.94	4,838,154.94	
Payroll Deductions and Withholdings	254,026.05	3,797,679.67	3,761,298.05	290,407.67
Interfund Receivable	(1,532.38)	1,532.38		
Interfund Payable	4,182.16		7,241.57	(3,059.41)
	<u>256,675.83</u>	<u>8,637,366.99</u>	<u>8,606,694.56</u>	<u>287,348.26</u>

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

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- J-2 Changes in Net Assets/Position
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Revenue Capacity

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- J-7 Direct and Overlapping Property Tax Rates
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Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
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STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

Contents

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Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

J-14 to J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Net Assets/ Position by Component*
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	Fiscal Year Ending June 30, 2008	2009	2010	2011	2012	2013
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	1,007,323.14	1,300,247.27	1,280,123.70	1,340,494.09	1,485,344.47	1,369,873.19	1,506,757.37	2,058,912.70	3,331,688.60	4,408,102.46
Restricted	871,952.92	771,755.15	878,537.19	1,357,802.94	1,351,643.99	2,089,965.90	1,997,586.71	2,593,395.12	2,452,999.16	2,449,600.94
Unrestricted	189,294.78	273,058.29	83,388.72	182,328.38	91,025.41	60,177.18	156,970.90	(188,442.48)	(116,705.77)	(95,150.03)
Total Governmental Activities Net Assets/Position	2,068,570.84	2,435,060.71	2,242,049.61	2,880,625.41	2,928,013.87	3,520,016.27	3,661,314.98	4,463,865.34	5,667,981.99	6,762,553.37
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	36,941.84	50,860.90	50,433.81	45,547.12	179,023.81	166,668.00	190,681.08	174,755.02	198,059.98	216,411.74
Restricted	135,191.28	146,393.16	236,785.79	376,966.76	379,303.70	443,652.26	442,781.01	506,150.58	525,503.55	445,252.14
Unrestricted	172,133.12	197,254.06	287,219.60	422,513.88	558,327.51	610,320.26	633,462.09	680,906.60	723,563.53	661,663.88
Total Business-type Activities Net Assets/Position	344,266.24	394,508.12	374,439.20	422,513.88	558,327.51	610,320.26	633,462.09	680,906.60	723,563.53	661,663.88
District-wide										
Invested in Capital Assets, Net of Related Debt	1,044,264.98	1,441,108.17	1,330,557.51	1,386,041.21	1,664,368.28	1,536,541.19	1,697,438.45	2,233,668.72	3,529,748.58	4,624,514.20
Restricted	871,952.92	771,755.15	878,537.19	1,357,802.94	1,351,643.99	2,089,965.90	1,997,586.71	2,593,395.12	2,452,999.16	2,449,600.94
Unrestricted	324,486.06	419,451.45	320,174.51	559,295.14	470,329.11	503,829.44	599,751.91	317,708.10	408,797.78	350,102.11
Total District Net Assets/Position	2,240,703.96	2,632,314.77	2,529,269.21	3,303,139.29	3,486,341.38	4,130,336.53	4,294,777.07	5,144,771.94	6,391,545.52	7,424,217.25

Source: CAFR Schedule A-1

* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Changes in Net Assets/Position*
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
Instruction:										
Regular	4,257,665.02	4,445,564.06	4,638,581.20	4,644,871.39	4,970,660.61	5,185,608.82	5,689,173.94	5,624,780.23	5,270,056.09	5,716,972.96
Special Education	591,191.91	638,294.31	711,221.47	718,018.87	678,021.83	754,492.66	827,018.12	592,334.22	827,788.74	979,103.06
Other Special Instruction	51,747.10	57,426.34	60,516.00	50,451.14	65,528.08	68,533.88	71,996.79	69,388.76	39,959.39	35,900.15
Other Instruction	363,317.06	436,667.71	498,350.17	411,993.07	444,036.95	459,198.36	474,478.63	419,596.27	389,257.00	476,642.47
Community Services	1,229.04	1,586.35	1,012.85	620.32	622.94	258.13		955.39		
Support Services:										
Tuition	1,424,943.83	1,869,651.13	2,193,121.17	2,856,796.52	3,410,699.31	3,929,293.40	3,725,828.44	4,462,458.83	3,754,167.62	3,806,904.90
Student & Instruction Related Services	1,302,418.04	1,504,748.46	1,606,731.29	1,554,057.66	1,528,414.43	1,466,845.22	1,590,056.46	1,564,542.49	2,203,424.02	2,361,957.45
School Administrative Services	447,142.75	381,298.20	531,009.60	523,651.64	549,519.22	524,932.57	480,340.13	480,648.67	462,779.24	460,481.09
General Administrative Services	521,125.28	517,355.50	505,214.80	693,538.49	768,816.05	727,274.62	623,904.85	654,812.41	588,280.87	588,633.63
Central Services & Admin. Info. Technology	799,480.02	433,616.80	644,911.78	674,647.13	668,359.61	647,757.74	365,977.88	375,299.50	426,887.20	353,507.10
Plant Operations and Maintenance	783,585.08	901,977.05	1,037,745.48	1,018,732.52	1,166,058.87	992,027.94	935,981.98	884,044.19	984,301.55	942,000.60
Pupil Transportation	525,517.40	819,271.33	861,065.75	817,517.98	748,766.55	814,587.76	846,451.34	792,205.88	820,990.28	821,303.22
Business and Other Support Services	707,543.57	755,719.24	901,177.85	1,193,041.61	1,170,548.13	702,920.93	817,203.68	689,418.93	962,018.04	1,176,955.83
Unallocated Benefits		3,569.00	298.00		10,635.00	16,180.00	18,022.00	1,768.00	15,846.00	17,942.00
Special Schools	31,399.49					58.41			1,319.00	1,239.00
Charter Schools	97,282.51	101,398.37	105,887.52	62,293.70	104,855.88	111,059.22	78,342.55	45,779.40	104,916.50	104,310.06
Capital Outlay - Non-depreciable										
Unallocated Depreciation	11,905,568.10	12,870,528.65	14,286,864.93	15,220,232.04	16,285,543.46	16,401,029.66	16,544,776.79	16,658,033.23	16,851,991.54	17,813,823.52
Total Governmental Activities Expenses										
Business-type Activities:										
Food Service	286,962.07	293,954.51	310,947.81	319,145.53	356,419.66	415,324.33	443,866.25	432,795.51	505,773.97	490,900.09
Community Services	7,468.00	12,300.00	6,800.00	6,385.34	3,710.06	2,950.00	1,700.00			
Technology Services		16,952.69	202,519.28	410,444.01	594,047.56	662,520.80	678,759.95	641,973.19	752,225.75	536,987.44
Total Business-type Activities Expenses	294,430.07	323,207.20	520,267.09	735,974.88	954,177.28	1,080,794.93	1,124,326.20	1,074,768.70	1,257,999.72	1,027,887.53
Total District Expenses	12,200,018.17	13,193,736.05	14,817,132.02	15,956,206.92	17,239,720.74	17,481,824.59	17,669,102.99	17,732,801.93	18,109,991.26	18,841,711.05
Program Revenues										
Governmental Activities:										
Charges for Services:	511,273.63	582,913.85	713,388.87	702,408.14	798,463.15	637,677.66	288,685.58	368,447.01	247,108.10	219,009.64
Operating Grants and Contributions	1,097,199.23	1,267,479.91	1,461,390.05	1,449,735.76	1,642,810.82	915,592.44	994,078.51	1,286,409.19	955,500.96	933,226.52
Total Governmental Activities Program Revenues	1,608,472.86	1,850,393.76	2,174,778.92	2,152,143.90	2,441,273.97	1,553,270.10	1,282,764.09	1,654,856.20	1,202,608.66	1,152,236.16
Business-type Activities:										
Charges for Services:	131,038.67	134,643.07	125,756.74	108,924.94	108,432.94	104,826.57	97,584.12	87,257.96	80,967.86	72,260.70
Food Service	19,895.00	4,830.00	2,365.00	5,750.00	3,911.00					
Community Services		16,952.69	230,528.07	465,862.20	676,839.96	726,449.08	703,062.74	691,682.30	837,101.04	445,999.73
Technology Services	175,614.73	190,135.04	246,802.39	291,313.74	291,313.74	289,761.16	345,848.34	342,521.58	413,837.75	448,127.45
Operating Grants and Contributions	326,548.40	348,580.80	605,452.20	861,623.21	1,080,497.64	1,131,036.81	1,146,495.20	1,121,461.84	1,331,906.65	966,387.88
Total Business-type Activities Program Revenues	1,935,021.26	2,206,954.56	2,780,231.12	3,013,767.11	3,521,771.61	2,684,306.91	2,429,259.29	2,776,318.04	2,534,515.31	2,118,624.04

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Changes in Net Assets/Position*
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Governmental Activities	(10,297,115.24)	(11,010,135.09)	(12,122,086.01)	(13,068,088.14)	(13,844,269.49)	(14,847,759.56)	(15,262,012.70)	(15,003,177.03)	(15,649,382.88)	(16,861,887.36)
Business-type Activities	32,118.33	23,353.60	85,185.11	125,648.33	126,320.36	50,241.88	22,169.00	48,693.14	73,906.93	(61,489.65)
Total District-wide Net Expense	(10,264,996.91)	(10,986,781.49)	(12,036,900.90)	(12,942,439.81)	(13,717,949.13)	(14,797,517.68)	(15,239,843.70)	(14,956,483.89)	(15,575,475.95)	(16,723,387.01)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied for General Purposes	6,869,688.00	7,147,003.00	7,491,583.00	8,386,178.00	9,045,789.00	9,149,666.00	9,370,653.00	9,740,478.00	9,935,288.00	10,133,993.00
State Facilities Grant	184,000.00						135,738.82	274,800.01		16,560.52
Unrestricted Federal and State Aid	3,856,440.07	4,122,334.74	4,365,699.85	4,581,611.42	4,726,659.62	5,929,895.99	5,978,652.23	5,654,539.40	6,604,904.74	7,558,117.43
Tuition Received	12,230.89	25,331.18	63,159.67	106,659.77	68,986.32	99,160.00	109,824.28	117,421.68		
Investment Earnings	5,491.55	81,956.04	8,632.39	32,214.75	50,223.01	14,854.53	5,503.99	4,767.69	557.87	345.82
Miscellaneous Income						10,843.44	38,281.09	7,336.39	11,694.37	47,141.97
Total Governmental Activities	10,927,830.51	11,376,624.96	11,929,074.91	13,708,663.94	13,891,657.95	15,204,419.96	15,638,653.41	15,799,343.17	16,552,444.98	17,756,158.74
Business-type Activities:										
Investment Earnings	20.85	1,767.34	4,780.43	9,645.95	9,493.27	1,750.87	972.83	751.37	(31,250.00)	(400.00)
Cancelled Accounts Receivable										
Total Business-type Activities	20.85	1,767.34	4,780.43	9,645.95	9,493.27	1,750.87	972.83	751.37	(31,250.00)	(400.00)
Total District-wide	10,927,851.36	11,378,392.30	11,933,855.34	13,716,309.89	13,901,151.22	15,206,170.83	15,639,626.24	15,800,094.54	16,521,194.98	17,755,758.74
Change in Net Assets/Position										
Governmental Activities	630,715.27	365,489.87	(193,011.10)	638,575.80	47,388.46	356,560.40	376,640.71	796,166.14	903,062.10	1,094,571.38
Business-type Activities	32,139.18	25,120.94	89,965.54	135,294.28	135,813.63	51,992.75	23,141.83	47,444.51	42,656.93	(61,899.65)
Total District	662,854.45	391,610.81	(103,045.56)	773,870.08	183,202.09	408,553.15	399,782.54	843,610.65	945,719.03	1,032,671.73

Source: CAFR Schedule A-2

* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Fund Balances Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	Fiscal Year Ending June 30, 2009	2010	2011	2012	2013
General Fund										
Reserved	577,152.92	767,674.05	874,456.09	1,357,802.94	1,351,644.59	1,910,679.90	2,070,979.20	2,176,644.51	2,028,727.28	2,321,519.51
Unreserved	248,544.06	332,265.49	207,502.73	334,842.57	261,576.00	(32,834.82)	89,484.97	197,494.61	172,090.56	82,636.86
Restricted								150,000.00	69,528.00	
Committed								(307,052.48)	(129,888.77)	(121,569.39)
Assigned										
Unassigned										
Total General fund	<u>825,696.98</u>	<u>1,099,939.54</u>	<u>1,081,958.82</u>	<u>1,692,645.51</u>	<u>1,613,220.59</u>	<u>1,877,845.08</u>	<u>2,160,464.17</u>	<u>2,217,086.64</u>	<u>2,140,457.07</u>	<u>2,282,586.98</u>
All Other Governmental Funds										
Unreserved, Reported in:										
Special Revenue Fund	(13,766.78)	(9,927.20)	(10,810.01)		(21,693.49)					
Restricted, Reported in:										
Capital Projects Fund	294,800.00	4,081.10	4,081.10			143,944.00	126,735.51	219,255.97	252,181.32	128,081.43
Total All Other Governmental Funds	<u>281,033.22</u>	<u>(5,846.10)</u>	<u>(6,728.91)</u>	<u>0.00</u>	<u>(21,693.49)</u>	<u>143,944.00</u>	<u>126,735.51</u>	<u>219,255.97</u>	<u>252,181.32</u>	<u>128,081.43</u>

Source: CAFR Schedule B-1

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	6,869,698.00	7,147,003.00	7,491,583.00	8,986,178.00	9,045,789.00	9,149,665.00	9,370,653.00	9,740,478.00	9,935,288.00	10,133,993.00
Tuition	252,437.60	259,667.22	241,705.83	240,436.62	224,704.85	99,160.00	109,824.28	117,421.68	197,406.50	169,029.64
Transportation Fees	258,836.03	333,246.63	471,683.04	461,971.52	573,788.30	407,610.46	72,730.68	175,869.92	49,701.60	49,980.00
Other Local Government Units - Restricted				872.38		289.69	256.72	2,764.71	557.87	220.00
Interest Earned on Capital Reserve Funds							128.00	1,081.44		125.82
Interest Earnings	12,230.89	25,331.18	63,159.67	105,787.39	88,986.32	14,564.84	5,119.27	921.54	11,694.37	47,141.97
Miscellaneous	5,491.55	81,956.04	8,632.39	30,632.05	77,862.33	11,843.44	40,728.08	10,879.56	6,954,268.37	7,982,768.21
State Sources	4,879,726.54	5,105,115.28	5,532,816.28	5,733,611.90	5,996,974.73	6,458,741.44	5,866,263.79	6,410,773.45	6,954,268.37	7,982,768.21
Federal Sources	257,912.76	284,699.37	294,273.62	296,763.80	344,856.39	385,746.99	1,239,758.78	801,431.98	606,136.93	525,136.26
Total Revenues	12,536,303.37	13,237,018.72	14,103,853.83	15,856,253.66	16,332,931.92	16,757,690.05	16,921,417.50	17,454,195.37	17,755,053.64	18,908,394.90
Expenditures										
Instruction:										
Regular	3,651,441.09	3,776,917.34	3,906,056.49	3,962,340.58	4,289,920.09	4,347,983.13	4,733,798.15	4,626,040.52	4,302,965.83	4,753,321.30
Special	477,375.01	507,310.68	565,326.82	584,008.31	549,909.36	617,222.64	688,690.50	468,757.85	650,215.02	790,083.59
Other Special Instruction	41,750.00	45,786.67	47,913.39	40,806.33	52,602.29	55,861.69	57,869.47	54,868.29	31,424.27	29,011.41
School-Sponsored/Other Instructional	306,383.62	371,820.48	412,138.20	344,502.56	373,723.36	393,239.13	398,955.65	347,604.37	321,537.11	406,269.07
Community Service Programs	991.60	1,257.91	796.99	500.00	500.00	210.00		750.00		
Support Services:										
Instruction - Tuition	1,424,943.83	1,869,651.13	2,193,121.17	2,896,796.52	3,410,599.31	3,929,293.40	3,725,828.44	4,462,458.83	3,754,167.62	3,806,904.90
Student & Instruction Related Services	1,122,281.02	1,279,239.06	1,405,947.50	1,369,460.19	1,331,882.87	1,287,999.05	1,399,784.31	1,352,414.45	2,009,986.23	2,158,688.20
School Administration	353,778.23	296,387.75	414,260.27	415,612.13	432,652.48	429,595.27	379,911.67	370,748.84	356,561.57	342,604.44
General Administration	451,213.97	434,791.35	437,982.25	446,371.66	503,337.68	480,374.27	371,343.04	387,101.57	353,910.61	318,869.56
Central Services & Admin. Info. Technology	360,755.61	350,755.61	518,986.59	552,705.51	552,604.76	535,926.91	309,387.30	316,196.50	359,102.13	294,037.39
Operations and Maintenance	746,792.38	833,123.19	957,469.33	954,290.69	1,097,152.25	924,514.00	885,030.78	802,068.79	896,593.13	860,137.14
Student Transportation	783,586.08	819,271.33	881,085.75	817,517.98	748,766.55	814,597.76	846,451.34	792,205.88	820,990.28	814,578.22
Business and Other Support Services	433,117.15	2,365.00	2,378,495.65	2,746,740.68	2,800,114.86	2,471,124.37	2,648,531.51	2,703,447.00	2,820,426.23	3,047,611.11
Employee Benefits	1,941,966.96	2,141,011.54	2,288.00	298.00	279,546.47	23,416.45	242,301.74	620,393.55	1,105,031.83	1,250,336.55
Special Schools		3,569.00	22,838.96	149,739.10	10,633.00	16,180.00	18,022.00		15,846.00	17,942.00
Capital Outlay	122,531.63	514,377.34								
Charter Schools										
Debt Service:										
Principal										
Interest and Other Charges										
Total Governmental Fund Expenditures	11,858,151.57	13,249,655.48	14,122,717.36	15,241,392.24	16,434,050.33	16,327,528.08	16,855,906.90	17,305,056.44	17,798,757.86	18,890,364.88
Excess (Deficiency) of Revenues Over (Under) Expenditures	678,151.80	(12,636.76)	(18,863.53)	614,861.42	(101,118.41)	430,161.98	285,510.60	149,142.93	(43,704.22)	18,030.02
Other Financing Sources (Uses)										
Operating Transfers In										
Operating Transfers Out	110,800.00	176,000.00	6,635.28			143,944.00	64,321.43	381,083.00	659,500.00	120,866.41
Cancellation of Contracts Payable	(110,800.00)	(176,000.00)	(6,635.28)			(143,944.00)	(64,321.43)	(381,083.00)	(659,500.00)	(120,866.41)
Prior Year Adjustment			2,554.18							
Total Other Financing Sources (Uses)										
Net Changes in Fund Balance	678,151.80	(12,636.76)	(18,863.53)	617,415.60	(101,118.41)	430,161.98	285,510.60	149,142.93	(43,704.22)	18,030.02
Debt Service as a percentage of noncapital expenditures										

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Reimburse/ Tuition</u>	<u>Interest on Investments</u>	<u>Interlocal Agree- ments</u>	<u>Transpor- tation Fees</u>	<u>Various Misc.</u>	<u>Total</u>
2004		12,230.90	258,836.03	252,437.60	5,491.55	528,996.08
2005	4,786.56	25,331.18	333,246.63	259,667.22	77,169.48	700,201.07
2006		63,159.67	471,683.04	241,705.83	8,632.39	785,180.93
2007		106,659.77	461,971.52	240,436.62	29,660.57	838,728.48
2008		68,986.32	573,758.30	224,704.85	50,223.01	917,672.48
2009	99,160.00	14,854.53	407,610.46	230,067.20	10,843.44	762,535.63
2010	109,824.28	5,503.99	72,730.68	215,954.90	38,281.09	442,294.94
2011	117,421.68	4,767.69	175,869.92	192,577.09	7,336.39	497,972.77
2012		557.87	49,701.60	197,406.50	11,694.37	259,360.34
2013		345.82	49,980.00	169,029.64	47,141.97	266,497.43

Source: District records.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Borough of Haledon

Year Ended Dec. 31,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
2003	3,838,900	257,575,100		36,388,300	13,706,200	8,519,000	320,028,500	4,028,646	324,057,146	391,221,043	0.6890
2004	3,701,000	258,419,200		36,649,500	13,706,200	8,519,000	320,994,900	3,698,959	324,693,859	449,613,377	0.7930
2005	3,939,500	259,105,400		36,769,600	13,331,300	8,519,000	321,664,800	3,130,664	324,795,464	511,141,503	0.8885
2006	4,185,600	259,382,500		36,698,800	13,331,300	8,519,000	322,117,200	2,509,914	324,627,114	581,184,375	1.1010
2007	4,029,100	260,764,400		36,531,100	13,211,300	8,519,000	323,054,900	2,242,877	325,297,777	653,909,853	1.0020
2008	3,850,100	265,559,200		36,981,100	13,454,800	8,519,000	328,364,200	2,107,172	330,471,372	728,289,992	1.0782
2009	3,719,000	269,213,000		36,121,100	12,225,500	8,479,300	329,757,900	2,085,718	331,843,618	731,423,304	1.1251
2010	3,753,800	268,758,200		36,305,300	12,225,500	8,479,300	329,522,100	2,263,700	331,785,800	686,445,115	1.2160
2011	3,769,400	268,482,000		36,680,800	12,235,300	8,479,300	329,646,800		329,646,800	652,803,390	1.2986
2012	4,261,700	266,855,200		36,203,800	12,235,300	8,479,300	328,035,300		328,035,300	616,790,575	1.3091

Source: Passaic County, Abstract of Rates and Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b Tax rates are per \$100 of assessed value.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Borough of North Haledon

Year Ended Dec. 31,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
2003	8,429,700	335,081,200	366,600	17,079,700	2,199,600		363,156,800	457,124	363,613,924	795,416,743	0.9000
2004	21,441,800	349,277,400	366,600	17,089,100	2,147,700		390,322,600	442,073	390,764,673	969,774,115	0.8030
2005	13,246,700	378,280,700	366,600	17,226,800	2,147,700		411,267,500	366,953	411,634,453	1,160,530,628	0.7270
2006	4,255,000	413,740,400	234,100	17,074,200	2,147,700		437,451,400	407,883	437,859,293	1,366,242,467	0.7950
2007	3,721,600	418,440,600	234,100	16,998,300	2,147,700		441,542,300	395,762	441,938,062	1,489,799,091	0.7250
2008	3,379,000	422,150,200	234,100	17,270,300	2,147,700		445,181,300	393,097	445,574,397	1,576,933,836	0.6410
2009	3,204,600	424,852,600	234,100	18,123,600	2,147,700		448,562,600	412,748	448,975,348	1,592,864,822	0.6383
2010	2,618,100	418,423,900	234,100	17,729,600	2,147,700		441,153,400	432,330	441,585,730	1,592,864,822	0.6629
2011	2,553,400	419,383,900	234,100	17,734,900	2,147,700		442,054,000	371,880	442,425,880	1,417,911,637	0.6630
2012*	8,720,600	1,106,681,100	582,200	59,508,400	6,346,700		1,181,839,000	371,880	1,182,210,880	1,285,250,966	0.2810

* Revaluation Year

Source: Passaic County, Abstract of Rates and Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b Tax rates are per \$100 of assessed value.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Borough of Prospect Park

Fiscal Year Ended June 30,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
2003	3,090,200	159,238,900		14,710,950	2,757,400		179,797,450	340,410	180,137,860	220,013,039	0.7490
2004	3,090,200	159,548,300		14,713,650	2,757,400		180,109,550	303,010	180,412,560	251,656,677	0.7860
2005	3,090,200	159,316,200		14,541,650	2,757,400		180,305,450	269,100	180,574,550	295,088,984	0.9206
2006	3,195,200	159,799,100		14,986,750	2,757,400		180,738,450	238,200	180,976,650	344,156,105	1.0540
2007	3,155,200	160,051,300		14,911,150	2,755,700		180,873,350	224,100	181,097,450	394,772,525	1.1909
2008	3,115,200	160,822,300		14,728,350	2,755,700		181,421,550	218,000	181,639,550	437,891,819	1.4928
2009	3,115,200	160,946,100		14,729,550	2,755,700		181,546,550	221,200	181,767,750	437,588,586	1.5146
2010	3,048,500	161,102,900		14,707,150	2,755,700		181,614,250	228,200	181,842,450	395,063,261	1.5192
2011	3,118,900	160,604,900		14,879,950	2,755,700		181,359,450	228,200	181,587,650	349,591,017	1.4899
2012	3,118,900	159,640,200		14,832,450	2,755,700		180,347,250	189,782	180,537,032	311,957,069	1.4645

Source: Passaic County, Abstract of Rates and Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b Tax rates are per \$100 of assessed value.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Page 1 of 2

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Per \$100 of Assessed Valuation
Borough of Haledon

Assessment Year	Basic Rate ^a	General Obligation Debt Service ^b	<u>Overlapping Rates</u>				Total Direct and overlapping Tax Rate
			Regional School District	Local School District	Municipality	County	
2003	0.6890		0.6890	1.2860	1.1030	0.7020	3.7800
2004	0.7930		0.7930	1.4300	1.1190	0.7680	4.1100
2005	0.8685		0.8685	1.5270	1.1476	0.8269	4.3700
2006	1.1010		1.1010	1.5760	1.2050	0.9380	4.8200
2007	1.0020		1.0020	1.5750	1.4150	0.9980	4.9900
2008	1.0782		1.0782	1.6158	1.5166	1.1124	5.3230
2009	1.1251		1.1251	1.6062	1.6419	1.1048	5.4780
2010	1.2160		1.2160	1.6380	1.7950	1.1090	5.7580
2011	1.2986		1.2986	1.6989	1.9033	1.1402	6.0410
2012	1.3091		1.3091	1.7300	1.9649	1.1860	6.1900

Source: District Records and Municipal Tax Collector.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

b Rates for debt service are based on each year's requirements.

Borough of North Haledon

Assessment Year	Basic Rate ^a	General Obligation Debt Service ^b	<u>Overlapping Rates</u>				Total Direct and overlapping Tax Rate
			Regional School District	Local School District	Municipality	County	
2003	0.9000		0.9000	1.5100	1.3660	1.2740	5.0500
2004	0.8030		0.8030	1.5110	1.3520	1.3740	5.0400
2005	0.7270		0.7270	1.4680	1.4810	1.4840	5.1600
2006	0.7950		0.7950	1.7080	1.5190	1.6380	5.6600
2007	0.7250		0.7250	1.8520	1.5540	1.6690	5.8000
2008	0.6410		0.6410	1.9104	1.7277	1.7869	6.0660
2009	0.6383		0.6383	1.9807	1.8032	1.7868	6.2090
2010	0.6629		0.6629	2.0814	1.9937	1.7900	6.5280
2011	0.6630		0.6630	2.1368	2.0132	1.8481	6.6610
2012*	0.2610		0.2610	0.8220	0.7960	0.6900	2.5690

* Revaluation Year

Source: District Records and Municipal Tax Collector.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

b Rates for debt service are based on each year's requirements.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Per \$100 of Assessed Valuation**

Assessment Year	Basic Rate ^a	Borough of Prospect Park					Total Direct and overlapping Tax Rate
		General Obligation Debt Service ^b	Regional School District	Local School District	<u>Overlapping Rates</u> Municipality	County	
2003	0.7490		0.7490	0.9480	1.1640	0.7090	3.5700
2004	0.7860		0.7860	1.0910	1.2410	0.7720	3.8900
2005	0.9206		0.9206	1.3325	1.3184	0.8585	4.4300
2006	1.0540		1.0540	1.4300	1.4370	0.9990	4.9200
2007	1.1909		1.1909	1.4279	1.5217	1.0795	5.2200
2008	1.4928		1.4928	1.4233	1.5875	1.2174	5.7210
2009	1.5146		1.5146	1.4418	1.6947	1.2129	5.8640
2010	1.5192		1.5192	1.5060	1.9228	1.1680	6.1160
2011	1.4899		1.4899	1.5779	2.0387	1.1085	6.2150
2013	1.4645		1.4645	1.5810	2.1355	1.0890	6.2700

Source: District Records and Municipal Tax Collector.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

b Rates for debt service are based on each year's requirements.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago

Borough of Haledon

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Acquakanonk Village	6,227,900	1	1.90%	6,023,300	1	1.86%
A.M. Realty Assoc.	3,667,600	2	1.12%	3,353,100	2	1.03%
Stone Industries	2,872,100	3	0.88%	2,824,900	3	0.87%
Self Storage of Haledon	2,130,000	4	0.65%	2,250,000	4	0.69%
Bel-Jo Assoc. LP	2,090,700	5	0.64%	2,090,700	5	0.65%
Nationwide Enterprises, LLC	1,582,000	6	0.48%	1,203,800	7	0.37%
Faber Bros. Holdings, LLC	1,205,000	7	0.37%	1,500,000	6	0.46%
Taxpayer #1	1,085,300	8	0.33%			
20 Halsey Corp	800,000	9	0.24%			
Verizon	723,800	10	0.22%	1,092,800	8	0.34%
293 Morrissee, Inc.				886,900	9	0.27%
860 River Drive, Inc.				800,000	10	0.25%
	<u>22,384,400</u>		<u>6.82%</u>	<u>22,025,500</u>		<u>6.80%</u>

Source: Municipal Tax Assessor's Office.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago
Borough of Norht Haledon

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
High Mountain Realty, LLC	7,840,000	1	0.66%			
Sicomac Realty, LLC	4,579,000	2	0.39%			
535 Associates, LLC	4,388,300	3	0.37%			
1243 Belmont Ave., Corp.	4,013,100	4	0.34%	1,360,100	5	0.37%
High Mountain Realty Group	3,674,000	5	0.31%			
Tanis, William Sr.	3,195,200	6	0.27%	1,188,000	7	0.33%
Rainmaker Capital of No. Haledon	3,153,900	7	0.27%			
Hofer Heights	2,839,100	8	0.24%	1,201,600	6	0.33%
Overlook Properties	2,143,500	9	0.18%			
Rudd-O'Connor, LCC	2,068,800	10	0.17%			
Shotmeyer/Kennedy				1,646,200	1	0.45%
K. Hovnanian @ North Haledon				1,634,600	2	0.45%
Danza Group VII				1,512,800	3	0.42%
Mountain Center Realty				1,450,900	4	0.40%
High Mountain Plaza, LLC				940,000	8	0.26%
Ideal Industrial Park, Inc.				807,800	9	0.22%
NJTT Realty, LLC				774,100	10	0.21%
	<u>37,894,900</u>		<u>3.21%</u>	<u>12,516,100</u>		<u>3.44%</u>

Source: Municipal Tax Assessor's Office.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago
Borough of Prospect Park

Taxpayer	2011			2003		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Tilcon, N.J., Inc.	4,431,700	1	2.44%	4,433,400	1	2.46%
Schon Family, LLC	1,300,000	2	0.72%			
Hazen Realty, Inc.	1,252,500	3	0.69%	1,248,200	3	0.69%
Tilcon, N.J., Inc.	980,200	4	0.54%			
DS Acquisitions	950,000	5	0.52%	950,000	4	0.53%
Jackson Realty	924,400	6	0.51%			
Formed Realty, LLC	655,100	7	0.36%	655,100	6	0.36%
Taxpayer #1	647,700	8	0.36%			
Lont & Overcamp	505,200	9	0.28%	550,000	7	0.31%
US Bank National Assoc.	504,300	10	0.28%			
100 Holdings, LLC				924,400	5	0.51%
Galletta Realty				1,300,000	2	0.72%
Lont & Weibrect				475,000	8	0.26%
Taxpayer #4				348,200	9	0.19%
Taxpayer #5				304,800	10	0.17%
	<u>12,151,100</u>		<u>6.69%</u>	<u>11,189,100</u>		<u>6.21%</u>

Source: Municipal Tax Assessor's Office.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

**School Tax Levies and Collections
Last Ten Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	6,869,668	6,869,668	100.00%	
2005	7,147,003	7,147,003	100.00%	
2006	7,491,583	7,491,583	100.00%	
2007	8,986,178	8,986,178	100.00%	
2008	9,045,789	8,270,955	91.43%	774,834
2009	9,149,666	8,625,116	94.27%	524,550
2010	9,370,653	9,370,653	100.00%	
2011	9,740,478	9,740,478	100.00%	
2012	9,934,288	8,992,699	90.52%	941,589
2013	10,133,993	9,770,627	96.41%	363,366

Source: District records including the Certificate and Report of School Taxes (A4F form)

- a** School Taxes are collected by the Municipal Tax Collector. Under New Jersey Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	
2004						0.00	
2005						0.00	
2006						0.00	
2007						0.00	
2008						0.00	
2009						0.00	
2010						0.00	
2011						0.00	
2012						0.00	
2013						0.00	

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Exhibit J-11

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2004	-	-	0.00	0.00%	
2005	-	-	0.00	0.00%	
2006	-	-	0.00	0.00%	
2007	-	-	0.00	0.00%	
2008	-	-	0.00	0.00%	
2009	-	-	0.00	0.00%	
2010	-	-	0.00	0.00%	
2011	-	-	0.00	0.00%	
2012	-	-	0.00	0.00%	
2013	-	-	0.00	0.00%	

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a Equalized valuation of Regional School District.

b Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013

<u>Governmental Unit</u>	Debt Outstanding (1)	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Borough of Haledon	\$ 10,590,529	100.000%	\$ 10,590,529
Borough of North Haledon	13,890,065	100.000%	13,890,065
Borough of Prospect Park	3,199,927	100.000%	3,199,927
Other debt			
Passaic County General Obligation Debt	376,643,401	4.44295%	16,734,095
Passaic County Utility Authority	58,685,000	4.44295%	2,607,348
Subtotal, overlapping debt			47,021,964
Manchester Regional High School District Direct Debt			-
Total direct and overlapping debt			<u>\$ 47,021,964</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Passaic County Board of Taxation.
Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Anytown. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

(1) Debt Information as of December 31, 2012.

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized valuation basis						
	2012	\$2,297,270,139					
	2011	2,430,547,026					
	2010	2,570,773,860					
	[A]	<u>\$7,298,591,025</u>					
	Average equalized valuation of taxable property						
	[A/3]	\$2,432,863,675					
	[B]	72,985,910	a				
	[C]	-					
	Total Net Debt Applicable to Limit Legal debt margin						
	[B-C]	<u>\$72,985,910</u>					
	Fiscal Year						
		2008	2009	2010	2011	2012	2012
	Debt limit	\$38,396,888	\$42,999,412	\$49,314,907	\$57,228,493	\$65,702,875	\$76,709,309
	Total net debt applicable to limit						
	Legal debt margin	\$38,396,888	\$42,999,412	\$49,314,907	\$57,228,493	\$65,702,875	\$76,709,309
	Total net debt applicable to the limit as a percentage of debt limit						
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

a Limit set by NJSA 18A:24-19 for a 9 through 12 district; other % limits would be applicable for other district types.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Demographic and Economic Statistics
Last Ten Years

Borough of Haledon

<u>Year Ended December 31,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2003	8,307	270,683,595	32,585	4.50%
2004	8,276	276,170,120	33,370	4.50%
2005	8,235	290,440,215	35,269	7.10%
2006	8,201	310,530,865	37,865	7.50%
2007	8,303	333,971,569	40,223	7.00%
2008	8,468	351,896,208	41,556	9.00%
2009	8,705	351,908,330	40,426	16.80%
2010	8,325	351,548,100	42,228	17.10%
2011	8,331	359,974,179	43,209	16.90%
2012	8,546	Not Available	Not Available	16.60%

Source:

- (1) U.S. Bureau of the Census, Population Division,
(Estimates July 1, 2003-2012)
- (2) Personal income of the District is based on County Information.
- (3) U.S. Department of Commerce, County Information 2003-2011.
- (4) N.J. Department of Labor.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Demographic and Economic Statistics
Last Ten Years

Borough of North Haledon

<u>Year Ended December 31,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2003	8,234	268,304,890	32,585	5.50%
2004	8,638	288,250,060	33,370	4.20%
2005	8,893	313,647,217	35,269	2.50%
2006	8,864	335,635,360	37,865	2.60%
2007	8,843	355,691,989	40,223	2.40%
2008	8,851	367,812,156	41,556	3.10%
2009	8,897	359,670,122	40,426	6.10%
2010	8,423	355,686,444	42,228	6.20%
2011	8,432	364,338,288	43,209	6.10%
2012	8,442	Not Available	Not Available	6.00%

Source: (1) U.S. Bureau of the Census, Population Division,
(Estimates July 1, 2003-2012)
(2) Personal income of the District is based on County Information.
(3) U.S. Department of Commerce, County Information 2003-2011.
(4) N.J. Department of Labor.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Demographic and Economic Statistics
Last Ten Years

Borough of Prospect Park

<u>Year Ended December 31,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2003	5,735	186,874,975	32,585	5.50%
2004	5,687	189,775,190	33,370	4.20%
2005	5,646	199,128,774	35,269	6.20%
2006	5,610	212,422,650	37,865	6.30%
2007	5,578	224,363,894	40,223	5.90%
2008	5,569	231,425,364	41,556	7.50%
2009	5,605	226,587,730	40,426	14.40%
2010	5,871	247,920,588	42,228	14.60%
2011	5,874	253,809,666	43,209	14.40%
2012	5,888	Not Available	Not Available	14.20%

Source: (1) U.S. Bureau of the Census, Population Division,
(Estimates July 1, 2003-2012)
(2) Personal income of the District is based on County Information.
(3) U.S. Department of Commerce, County Information 2003-2011.
(4) N.J. Department of Labor.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT

Schedule of Principal Employers

Current and Nine Years Ago

2012

2003

INFORMATION IS NOT AVAILABLE

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction										
Regular	56	56	56	56	56	56	56	56	47	56
Special education	8	8	8	8	8	8	9	8	13	11
Other special education	3	3	3	3	3	3	3	3	3	7
Other instruction	1	1	1	1	-	-	-	-	-	-
Support Services:										
Student & instruction related services	11	11	11	11	13	13	7	7	7	14
General administration	2	2	2	2	2	2	2	2	2	2
School administrative services	4	4	4	4	4	4	6	6	6	4
Other administrative services			1	1	1	1	-			
Central services	4	4	4	4	4	4	4	4	4	4
Administrative Information Technology	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	8	8	8	8	8	8	8	8	8	8
Pupil transportation										
Other support services	2	2	3	3	3	3	3	3	3	-
Interlocals		1	2	3	5	6	8	12	12	5
Food Service	3	4	4	4	4	4	4	7	7	10
Total	104	105	108	109	113	114	111	118	114	123

Source: District Personnel Records

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Operating Statistics,
Last Ten Fiscal Years

Fiscal Year	Pupil/Teacher Ratio									
	a					b		c		% Change in Average Daily Enrollment
	Enrollment	Expenditures	Cost Per Pupil	% Change	Teaching Staff	High School	Average Daily Enrollment	Average Daily Attendance	Average Daily Attendance	
2003-2004	792	11,735,619.94	14,817.70	2.86%	65	10.9	788.30	751.70	751.70	1.09%
2004-2005	764	12,735,278.14	16,669.21	12.50%	65	11.1	757.60	712.70	712.70	-3.89%
2005-2006	770	14,099,878.40	18,311.53	9.85%	65	10.7	763.50	725.30	725.30	0.78%
2006-2007	793	15,091,653.14	19,031.09	3.93%	65	12.6	792.50	786.40	786.40	3.80%
2007-2008	796	16,154,503.86	20,294.60	6.64%	65	12.9	838.50	809.00	809.00	5.80%
2008-2009	774	16,304,111.63	21,064.74	3.79%	65	11.9	787.00	774.00	774.00	-6.14%
2009-2010	763	16,413,605.16	21,511.93	2.12%	65	11.7	778.00	763.00	763.00	-1.14%
2010-2011	820	16,684,662.89	20,347.15	-5.41%	64	12.4	793.40	732.80	732.80	1.98%
2011-2012	873	16,693,726.03	19,122.25	-6.02%	60	14.6	904.60	845.30	845.30	14.02%
2012-2013	955	17,640,028.33	18,471.23	-3.40%	73.5	13	930.94	825.81	825.81	2.91%
										Student Attendance Percentage
										95.36%
										94.07%
										95.00%
										99.23%
										96.48%
										98.35%
										98.07%
										92.36%
										93.44%
										88.71%

Sources: District Records

Note: Enrollment based on annual October district count.

a-Operating Expenditures equal total expenditures less debt service and capital outlay.

b-Teaching staff includes only full-time equivalents of certificated staff.

c-Average daily enrollment and average daily attendance are obtained from the School Register Summary.

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

<u>District Buildings</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2012</u>
<u>Manchester Regional</u>										
High School	132,643	132,643	132,643	132,643	132,643	132,643	132,643	132,643	132,643	132,643
Square Feet	684	684	684	684	684	684	684	684	684	684
Capacity(students)	792	764	770	793	796	774	763	820	873	955
Enrollment										

Number of Schools at June 30, 2013
 High School =1

Source: District Facilities Office

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
For the Fiscal Year Ended June 30,

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

* School Facilities	Project # (s)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Regional High School	N/A	188,101.65	152,628.37	94,328.48	187,032.49	191,022.15	361,371.03	252,323.06	202,766.00	156,922.00	132,343.00
Total School Facilities		188,101.65	152,628.37	94,328.48	187,032.49	191,022.15	361,371.03	252,323.06	202,766.00	156,922.00	132,343.00

* School facilities as defined under EFCA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT**Insurance Schedule
June 30, 2013**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Suburban Essex JIF		
Reinsurer: Selective Insurance Company		
Property - Blanket Limit of JIF	150,000,000	500 per mbr.
Member Limit:	30,982,992	
Fund Deductible		100,000
Comprehensive General Liability	10,000,000	
Employee Benefits Liability	10,000,000	
Comprehensive Automobile Liability	10,000,000	
Public Employees' Faithful Performance Bond	500,000	
School Leaders Errors & Omissions	10,000,000	
A C E American Insurance Company		
Suburban Essex JIF		10,000
Workers Compensation		
Limit of Liability	WC Statutory	
	EL 10,000,000	
Suburban Essex JIF		100,000
Public Employees' Faithful Performance		
Position Bond		
Board Secretary/Business Administrator	100,000	
Travelers Insurance Co.		

SINGLE AUDIT SECTION

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K-1

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable President and
Members of the Board of Education
Manchester Regional High School School District
County of Passaic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Manchester Regional High School School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 8, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Manchester Regional High School Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Manchester Regional High School Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Manchester Regional High School Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

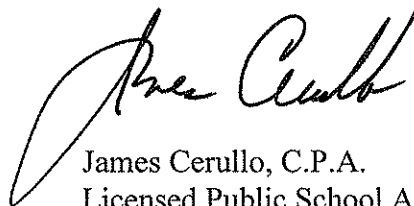
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Manchester Regional High School Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.


We noted certain matters that were required to be reported to the Board of Education of the Manchester Regional High School School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated October 8, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 8, 2013



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS **APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL** **CONTROL OVER COMPLIANCE IN ACCORDANCE WITH** **OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04**

Honorable President and
Members of the Board of Education
Manchester Regional High School School District
County of Passaic, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Manchester Regional High School School District in the County of Passaic, New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Manchester Regional High School Board of Education's major federal and state programs for the year ended June 30, 2013. The Manchester Regional High School Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Manchester Regional High School Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have



a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Manchester Regional High School Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Manchester Regional High School Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Manchester Regional High School Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Manchester Regional High School Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Manchester Regional High School Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Manchester Regional High School Board of Education's internal control over compliance.

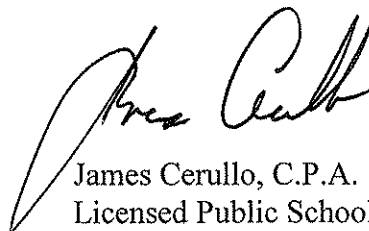
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133

We have audited the financial statements of the Manchester Regional High School Board of Education as of and for the year ended June 30, 2013, and have issued our report there dated October 8, 2013 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and N.J. OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.



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Certified Public Accountants
Pompton Lakes, New Jersey

October 8, 2013

Schedule A

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2013

Federal Grant/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012	Carryover/ Adjustments	Cash Received	Budgetary Expenditures	Adjustments Repayment of Prior Year's Balance	Balance at June 30, 2013		MEMO Cumulative Total Expenditures
										Accounts Receivable	Due To Grantor at	
U.S. Department of Education:												
General Fund:												
Education Jobs Fund	84.410A	N/A	08/10/10-09/30/12	187,252.00	(15,934.00)		67,747.00	(51,813.00)			*	187,252.00
Medical Assistance Program (SEMI)	93.778	N/A	07/01/12-06/30/13	6,891.70			6,891.70	(6,891.70)			*	6,891.70
Total General Fund					(15,934.00)		74,638.70	(58,704.70)				194,143.70
U.S. Department of Education Passed-Through State Department of Education:												
Special Revenue Fund:												
Title I - Improving Basic Programs	84.010	NCLB3980-13	09/01/12-08/31/13	202,434.00			134,303.00	(187,790.43)	279.82	(53,487.43)	*	187,790.43
Title I - Improving Basic Programs	84.010	NCLB3980-12	09/01/11-08/31/12	197,841.00	(44,935.82)		44,656.00				*	180,567.82
Title I - Improving Basic Programs	84.010	NCLB3980-11	09/01/10-08/31/11	202,696.00	899.25						899.25	201,796.75
Title II-A- Teacher & Principal Training/Recruiting	84.367	NCLB3980-13	09/01/12-08/31/13	18,667.00			6,436.00	(7,871.64)		(1,435.64)	*	7,871.64
Title II-A- Teacher & Principal Training/Recruiting	84.367	NCLB3980-12	09/01/11-08/31/12	12,241.00	2,654.85		329.00	(2,983.85)				12,016.00
Title II-A- Teacher & Principal Training/Recruiting	84.367	NCLB3980-11	09/01/10-08/31/11	13,680.00	126.90							13,553.10
ID.E.A. Part B - Basic Regular	84.027	IDEA3980-13	09/01/12-08/31/13	307,797.00			160,416.00	(219,022.85)	(0.30)	(58,606.85)		219,022.85
ID.E.A. Part B - Basic Regular	84.027	IDEA3980-12	09/01/11-08/31/12	305,945.70	(84,044.81)		116,351.00	(32,305.89)			5.54	268,191.70
ARRA Title I Part A	84.389	ARRA3980-10	07/01/09-08/31/11	96,199.00	5.54							95,915.46
Race To The Top	84-413		09/01/11-11/30/15	14,531.00			11,664.00	(11,664.00)			*	11,664.00
Total Special Revenue Fund					(125,294.09)		474,155.00	(461,638.66)	279.52	(113,229.92)	1,031.69	1,186,725.75
U.S. Department of Agriculture Passed-Through State Department of Education:												
Enterprise Fund:												
Non-Cash Assistance:	10.555		07/01/12-06/30/13	25,996.69	894.24	894.24		(26,343.92)		547.01	*	26,343.92
Food Distribution Program	10.555		07/01/11-06/30/12	27,463.95		(894.24)					*	
Cash Assistance:	10.553		07/01/12-06/30/13	121,430.63			110,633.30	(121,430.63)		(10,797.33)	*	121,430.63
School Breakfast Program	10.553		07/01/11-06/30/12	118,707.45	(9,742.08)		9,742.08				*	
National School Lunch Program	10.555		07/01/12-06/30/13	293,871.96			267,093.16	(293,871.96)		(26,378.80)	*	293,871.96
National School Lunch Program	10.555		07/01/11-06/30/12	262,051.01	(21,861.48)		21,861.48				*	
Total Enterprise Fund					(30,709.32)		435,726.71	(441,646.51)		(37,176.13)		441,646.51
TOTAL FEDERAL FINANCIAL AWARDS												
					(171,937.41)		984,520.41	(961,989.87)	279.52	(150,706.05)	1,031.69	1,822,515.96

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

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Schedule B

MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2013

State Department of Education: General Fund:	State Grants/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012		Carryover/ Walkover Amount	Balance at June 30, 2013			MEMO	
					Deferred Revenue/ (Assets Receivable)	Due To Grantor		Accounts Receivable	Deferred Revenue	Due To Grantor at	Budgetary Reservable	Cumulative Total Expenditures
Equalization Aid				4,405,275.00							431,362.00	4,405,275.00
Special Education Categorical Aid			07/01/12-06/30/13	497,119.00							48,677.00	497,119.00
Security Categorical Aid			07/01/12-06/30/13	94,206.00							9,225.00	94,206.00
School Choice Aid			07/01/12-06/30/13	1,158,800.00							113,469.00	1,158,800.00
Transportation Aid			07/01/12-06/30/13	46,062.00							4,510.00	46,062.00
Extraordinary Aid			07/01/12-06/30/13	135,496.00				(135,496.00)				135,496.00
Reimbursement of Nonpublic Transportation			07/01/12-06/30/13	184,707.00	(184,707.00)			(15,107.40)				15,107.40
Reimbursement of Nonpublic Transportation			07/01/12-06/30/13	15,107.40	(14,457.38)							340,125.00
On-Behalf Teacher Pension and Annuity			07/01/12-06/30/13	14,457.38								404,831.00
On-Behalf Teacher Pension and Annuity			07/01/12-06/30/13	340,125.00								17,895.00
On-Behalf TPAF - Post Retirement Medical			07/01/12-06/30/13	404,831.00								414,232.33
On-Behalf TPAF - Non-contributory Insurance			07/01/12-06/30/13	17,895.00								607,243.00
Reimbursed TPAF - Social Security			07/01/12-06/30/13	414,232.33	(19,304.00)			(150,603.40)				7,529,148.73
Reimbursed TPAF - Social Security			07/01/12-06/30/13	382,391.04	(218,468.38)							
Total General Fund												
Special Revenue Fund:												
N.J. Nonpublic Aid:												
Auxiliary Services:												
Compensatory Services			07/01/12-06/30/13	34,112.00		24,260.49				1,922.99		32,189.01
Compensatory Services			07/01/12-06/30/13	67,626.00								767.34
English as a Second Language			07/01/12-06/30/13	17,820.00		10,517.52				17,052.66		
English as a Second Language			07/01/12-06/30/13	26,724.00								
Home Instruction			07/01/12-06/30/13	3,310.32	(3,310.32)							
Handicapped Services:												
Initial Exam. & Classification			07/01/12-06/30/13	44,559.00						7,428.24		37,130.76
Initial Exam. & Classification			07/01/12-06/30/13	30,686.00		13,668.74						10,927.00
Annual Exam. & Classification			07/01/12-06/30/13	14,364.00						4,037.00		5,827.88
Corrective Speech			07/01/12-06/30/13	6,015.00						2,187.12		
Supplementary Instruction			07/01/12-06/30/13	5,133.00		1,501.67				1,872.22		41,144.78
Supplementary Instruction			07/01/12-06/30/13	43,017.00		2,526.04						26,212.19
Textbook Aid			07/01/12-06/30/13	26,420.00						207.81		36,670.00
Textbook Aid			07/01/12-06/30/13	30,661.00		275.19				50.00		9,750.00
Textbook Aid			07/01/12-06/30/13	36,670.00		119.97						198,018.96
Technology Initiative			07/01/12-06/30/13	9,750.00	(3,310.32)	52,869.62				34,758.04		
State Department of Human Services:												
Special Revenue Fund:												
School Based Youth Service Program		SB10054	07/01/12-06/30/13	268,776.00								268,776.00
Total Special Revenue Fund:												466,794.96
Capital Projects Fund:												
State School Building Aid - EPCFA Grant		SP #3980-010-09-1002	N/A	197,035.78	(80,225.01)							197,035.78
State School Building Aid - EPCFA Grant		SP #3980-010-09-1001	N/A	114,385.00	(107,455.62)			0.00				311,420.78
Total Capital Projects Fund:					(187,678.63)			0.00				
State Department of Agriculture:												
Enterprise Fund:												
National School Lunch Program (State Share)		13-100-010-3360-067	07/01/12-06/30/13	6,086.30	(466.14)			(919.74)				6,480.94
National School Lunch Program (State Share)		12-100-010-3360-067	07/01/12-06/30/13	5,863.94	(466.14)			(919.74)				6,480.94
Total Enterprise Fund:					(409,923.47)	52,869.62				34,758.04	607,243.00	8,313,815.41
TOTAL STATE FINANCIAL ASSISTANCE												

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Board of Education, Manchester Regional High School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and the special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(29,736.00) for the general fund and \$4,792.90 for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$58,704.70	\$7,499,412.73	\$7,558,117.43
Special Revenue Fund	466,431.56	466,794.96	933,226.52
Capital Projects Fund		16,560.52	16,560.52
Food Service Fund	<u>441,646.51</u>	<u>6,480.94</u>	<u>448,127.45</u>
Total Awards and Financial	<u>\$966,782.77</u>	<u>\$7,989,249.15</u>	<u>\$8,956,031.92</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the food distribution program represent current year value received and current year distribution respectively.

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2013. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- | | | |
|---|-----------|------------------------------|
| 1. Material weakness(es) identified? | _____ yes | _____ <u>X</u> no |
| 2. Significant deficiencies identified that are not considered to be material weaknesses? | _____ yes | _____ <u>X</u> none reported |

Noncompliance material to basic financial statements noted?	_____ yes	_____ <u>X</u> no
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Federal Awards

Internal Control over major programs:

- | | | |
|---|-----------|------------------------------|
| 1. Material weakness(es) identified? | _____ yes | _____ <u>X</u> no |
| 2. Significant deficiencies identified that are not considered to be material weaknesses? | _____ yes | _____ <u>X</u> none reported |

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	_____ yes	_____ <u>X</u> no
---	-----------	-------------------

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555</u>	<u>School Breakfast Program/ National School Lunch Program</u>
_____	_____
_____	_____

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ X yes _____ no

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

Type of auditor's report issued on compliance for major programs: unqualified

Internal Control over major programs:

1. Material weakness(es) identified? yes X no
2. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
	State Public Cluster:
13-495-034-5120-078	Equalization Aid
13-495-034-5120-001	School Choice
13-495-034-5120-089	Special Education Categorical Aid
<u>13-495-034-5120-084</u>	<u>Security Categorical Aid</u>
<u>13-495-034-5095-002</u>	<u>Reimbursed TPAF - Social Security</u>

Section II - Financial Statement Findings

None

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

No matters were reported.

**MANCHESTER REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Status of Prior Year Findings

There were no prior year audit findings.